Environment and Sustainable Resource Development

Annual Report
2014-2015

Alberta
Government

Copies of the annual report are available on the Environment and Sustainable Resource Development website at: http://aep.alberta.ca/about-us/corporate-documents/default.aspx or by contacting:

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Environment and Sustainable Resource Development promotes sustainable management of the province's natural resources and seeks to more effectively use resources and reduce waste. The printed version of this report is presented on 100% post-consumer fibre.

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Environment and Sustainable Resource Development

Annual Report

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Preface

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Fiscal Management Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 19 ministries.

The annual report of the Government of Alberta contains the consolidated financial statements of the province and the *Measuring Up* report, which compares actual performance results to desired results set out in the government's strategic plan.

On September 15, 2014, the government announced new ministry structures. The 2014-15 ministry annual report and financial statements have been prepared based on the new ministry structure. The Ministry of Environment and Sustainable Resource Development Ministry is comprised of programs formerly in the Parks Division of the Ministry of Tourism, Parks and Recreation.

This annual report of the Ministry of Environment and Sustainable Resource Development contains the audited consolidated financial statements of the ministry and a comparison of actual performance results to desired results set out in the Environment and Sustainable Resource Development and the Tourism, Parks and Recreation (Parks Division only) ministry business plans. This ministry annual report also includes:

- **the financial statements of entities making up the ministry including the Department of Environment and Sustainable Resource Development, regulated funds, and provincial agencies for which the minister is responsible;**
- **other financial information as required by the *Financial Administration Act* and *Fiscal Management Act*, either as separate reports or as a part of the financial statements, to the extent that the ministry has anything to report; and**
- **financial information related to trust funds.**

The following changes were made as a result of a new Cabinet announced on May 24, 2015 and Order in Council number 121/2015:

- The name of the Ministry was changed to Ministry of Environment and Parks.
- Certain programs were transferred from the Ministry of Environment and Parks to the newly renamed Ministry of Agriculture and Forestry or to their joint responsibilities. Concurrently, responsibility for certain sections of the *Environmental Protection and Enhancement Act* were transferred to the common responsibility of the Ministry of Environment and Parks and the Ministry of Agriculture and Forestry.

A reasonable estimate of the impact on the results of operations of the Ministry of Environment and Parks cannot be made at this stage. This restructuring will be reflected in the 2015-16 ministry annual report.

Message from the Minister

Alberta is a beautiful province. The clean air, pristine lakes and rivers, sweeping landscapes and abundant wildlife we enjoy today will be among our greatest gifts to future generations. Today, the environment is ours to protect and preserve. These are responsibilities my ministry, Alberta Environment and Parks, shares with all Albertans.

While Alberta is well known for its beauty, many are also familiar with the province's strong resource sectors. From forestry to oil and gas, these industries employ thousands of Albertans and contribute millions of dollars to our economy. It is critical that we balance these benefits with the need to maintain the healthy ecosystems that are a cornerstone of our healthy communities.

Healthy communities must also offer Albertans opportunities to be active and to appreciate and connect with nature. Alberta's provincial parks offer these opportunities while also conserving 2.75 million hectares of diverse land. Last year, our parks attracted nine million visitors from Alberta and around the world.

Our parks, like all our precious natural resources, deserve our utmost efforts in protection and preservation for future generations. Alberta will act decisively on pressing environmental concerns like climate change and conservation. We will ensure our choices are based on strong science and that we are continuously working to ensure our resource industries set a high standard for environmental responsibility.

Government recognizes Alberta has an economic and cultural diversity to be celebrated and as we move forward together we will continue to foster the entrepreneurial spirit, hard work, innovation and commitment to excellence that is the foundation for the highest quality of life for Albertans.

I look forward to working with my colleagues, department staff and other stakeholders to ensure the priorities of Albertans are first and foremost. As a government we will support economic diversification, a fair tax system and enhance the programs and services Albertans need and depend on. We are committed to working together to solve challenges and seek new opportunities as we continue to build this great province.

[Original signed by Shannon Phillips]

Honourable Shannon Phillips
Minister of Environment and Parks

Management's Responsibility for Reporting

The Ministry of Environment and Sustainable Resource Development includes:

- Department of Environment and Sustainable Resource Development,
    - Environmental Appeals Board,
    - Surface Rights Board,
    - Land Compensation Board,
    - Public Lands Appeal Board,
- Climate Change and Emissions Management Fund,
- Environmental Protection and Enhancement Fund,
- Land Stewardship Fund,
- Natural Resources Conservation Board, and
- Alberta Environmental Monitoring, Reporting and Evaluation Agency.

The executives of the individual entities within the ministry have the primary responsibility and accountability for the respective entities. Collectively, the executives ensure the ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal strategic plan, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the consolidated financial statements and performance results for the ministry rests with the Minister of Environment and Sustainable Resource Development. Under the direction of the Minister, I oversee the preparation of the ministry's annual report, including consolidated financial statements and performance results. The consolidated financial statements and the performance results, of necessity, include amounts that are based on estimates and judgments. The consolidated financial statements are prepared in accordance with Canadian public sector accounting standards. The performance measures are prepared in accordance with the following criteria:

- Reliability – information agrees with underlying data and the sources used to prepare it.
- Understandability and Comparability – current results are presented clearly in accordance with the stated methodology and are comparable with previous results.
- Completeness – performance measures and targets match those included in Budget 2014.

As Deputy Minister, in addition to program responsibilities, I am responsible for the ministry's financial administration and reporting functions. The ministry maintains systems of financial management and internal control which give consideration to costs, benefits, and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money;
- provide information to management and report on performance;

- safeguard the assets and properties of the province under ministry administration;
- provide Executive Council, the President of Treasury Board, the Minister of Finance and the Minister of Environment and Sustainable Resource Development information needed to fulfill their responsibilities; and
- facilitate preparation of ministry business plans and annual reports required under the *Fiscal Management Act*.

In fulfilling my responsibilities for the ministry, I have relied, as necessary, on the executives of the individual entities within the ministry.

[Original signed by Bill Werry]

Bill Werry
Deputy Ministry of Environment and Sustainable Resource Development
June 5, 2015

Results Analysis

Ministry Overview

The Ministry of Environment and Sustainable Resource Development includes the department (within the department's budget, funding is provided to the Environmental Appeals Board, Land Compensation Board, Public Lands Appeal Board, and Surface Rights Board, which are accountable to the minister); Alberta Environmental Monitoring, Evaluation and Reporting Agency; Climate Change and Emissions Management Fund; Environmental Protection and Enhancement Fund; Land Stewardship Fund; and Natural Resources Conservation Board.

Seven delegated administrative organizations operate outside of government. They are the Alberta Conservation Association, Alberta Professional Outfitters Society, Alberta Recycling Management Authority, Alberta Used Oil Management Association, Beverage Container Management Board, Climate Change and Emissions Management Corporation and the Forest Resource Improvement Association of Alberta.

The ministry's authority to carry out its mandate is primarily based on the *Alberta Land Stewardship Act, Black Creek Heritage Rangeland Trails Act, Boundary Surveys Act, Climate Change and Emissions Management Act, County of Westlock Water Authorization Act, Drainage Districts Act, East Central Regional Water Authorization Act, Environmental Protection and Enhancement Act, Expropriation Act, Fisheries (Alberta) Act, Forest and Prairie Protection Act, Forest Reserves Act, Forests Act, Government Organization Act, Hunting, Fishing and Trapping Heritage Act, Mines and Minerals Act (part 8), Natural Resources Conservation Board Act, North Red Deer Water Authorization Act, Protecting Alberta's Environment Act, Provincial Parks Act, Public Lands Act, Recreation Development Act, Responsible Energy Development Act, Surface Rights Act, Surveys Act, The Bighorn Agreement Validating Act, The Brazeau River Development Act, Water Act, Wilderness Areas, Ecological Reserves, Natural Areas and Heritage Rangelands Act, Wildlife Act, and Willmore Wilderness Park Act.*

Environment and Sustainable Resource Development

Bill Werry, Deputy Minister

The Department of Environment and Sustainable Resource Development is charged with management of air, land, water and biodiversity, and for governing sustainable resource development. The department manages a system of provincial parks that provides places for people to experience the beauty of nature, enjoy recreational activities and learn about the province's natural heritage while protecting it for future generations. To assure public safety the department regulates drinking water facilities that require an approval or registration under the *Environmental Protection and Enhancement Act*. The department also addresses the safety of the public and environmental and economic impacts from wildfires and environmental emergencies through prevention and intervention measures.

The Department of Environment and Sustainable Resource Development consists of six divisions: Corporate Services, Forestry and Emergency Response, Operations, Parks, Policy and Planning, and Strategy, supported by Communications, Human Resources and Legal Services.

Department Divisions

Corporate Services

Tom Davis, Assistant Deputy Minister

Corporate Services Division provides leadership for departmental business processes and approaches. It provides integrated and coordinated support services and financial operations, leads informatics, data and information science and management, records management and information technology, maps out key directions and priorities, and manages corporate responsibilities.

Forestry and Emergency Response

Bruce Mayer, Assistant Deputy Minister

Forestry and Emergency Response Division manages and protects Alberta's forest resources through effective and efficient wildfire management, sustainable forest management, and maintenance of the health of our forests. The division supports and applies current science focusing on topics like climate change, biodiversity, hydrology and long-term planning of forest resources to ensure continued economic and environmental values are realized. Management of forest pests like mountain pine beetle and other invasive species further protects these values. The division is also active in promoting market access for forest products and ensuring Albertans capture social and economic benefits from a robust forest sector. It also provides effective environmental emergency management and coordination through planning, response, and crisis management.

Operations

Matt Machielse, Assistant Deputy Minister

Operations Division uses place-based knowledge to deliver policy, plans and frameworks through sound resource management of approvals, provincial programs and provincial water and fisheries infrastructure. The division also employs compliance and assurance programs as the regulatory backstop to support these efforts. It delivers, in an integrated manner, the department's overall programs, regulatory responsibilities and non-regulatory activities in support of achieving environmental outcomes for air, land, water and biodiversity. The division maintains regional partnerships and links to local communities and supports environmental monitoring, validation, and science functions at all levels. It is integrated with all components of the cumulative effects management system and continues to evolve in support of the delivery of integrated resource management for Albertans. Flood mitigation and community resiliency programs are key elements of work for the division to build layers of flood and drought resilience within the province of Alberta.

Parks

Graham Statt, Assistant Deputy Minister

Parks Division works to inspire people to discover, value, protect, and enjoy nature and the benefits it provides for current and future generations. It conserves 476 parcels of land across the province (27,600 square kilometres) and supports the *Active Alberta Policy* and the *Alberta Tourism Framework* by offering a wide range of tourism and outdoor recreation opportunities. The division leads the ministry's implementation of Alberta's *Plan for Parks* in association with the *Land-use Framework*. The *Plan for Parks* reaffirms that both recreation and conservation objectives must be met within Alberta's parks system because they are inextricably linked. Working with other government ministries, partners and key stakeholders, Alberta Parks serves Albertans through: conserving landscapes; planning, building, and maintaining parks infrastructure and operating facilities (like campgrounds, trails, visitor centres); ensuring the safety and security of visitors; providing environmental education and interpretation and nature-based recreation; conducting scientific research; managing permits and leases; providing opportunities for public participation through consultations and volunteering; and supporting a diversified economy through regional tourism.

Policy and Planning

Shannon Flint, Assistant Deputy Minister

Policy and Planning Division leads development of environmental and natural resource policy that aligns with the strategic intent of the Government of Alberta and oversees policy integration for the ministry. Responsibilities include ensuring policy is developed based on science, research, analysis, and engagement, and aligns with ministry and Government of Alberta outcomes. The division is responsible for enabling the department's policy capacity by providing sound policy support, tools, advice, and other resources.

The division leads development of resource planning processes and facilitates and monitors the implementation of regional land-use plans and other integrated resource management plans for the department. The planning role incorporates air, land, water and biodiversity management as well as planning around specific issues. In addition, the division facilitates engagement on planning initiatives with municipalities, land users, industry stakeholders and environmental non-government organizations.

Strategy

Rick Blackwood, Assistant Deputy Minister

Strategy Division is aligned with the Land Use Secretariat in support of regional land-use planning. The division coordinates the Alberta Government's delivery of an integrated resource management system that ensures decisions support responsible development of our natural resources. The division engages across the department and with other ministries to identify issues and develop innovative and strategic solutions.

The division supports the ministry's engagement activities by guiding development of stakeholder and community engagement plans and building effective relationships with key stakeholders, working to understand their perspectives, contributions and concerns. This support ensures a collaborative approach to achievement of responsible resource development outcomes. Access to national and international markets for our natural resources and services is advocated through collaboration within the ministry and with other ministries. Strategy provides strategic advice on international and intergovernmental matters, and coordinates information to meet federal council and inter-jurisdictional requirements. Inter-jurisdictional water agreements are negotiated and managed. Environmental literacy is developed through education and outreach activities.

Support Areas

Communications Branch

Katrina Bluetchen, Director

The Communications Branch provides the ministry with the resources to build open communication with Albertans. This includes providing information to the media and directly to the public through the web, social media channels and other communications tools. The branch often works in partnership with government ministries, other orders of government and community and industry organizations. The branch also supports effective internal communications providing staff the opportunity to engage with leadership and with each other.

Human Resource Services Branch
Mike Boyle, Executive Director

Human Resource Services delivers staffing services including strategies for attraction, development and retention, classification, compensation and employee relations services to the department. It works to build organizational capacity in support of career progression, performance planning, leadership development and coaching. The branch administers occupational health and safety programs and promotes workplace health and wellness initiatives.

Legal Services
Darin Stepaniuk, Director

Legal Services are primarily provided to the ministry by the Environmental Law Section of the Ministry of Justice and Solicitor General. The Environmental Law section supports the ministry by providing timely, effective legal and related strategic advice to the minister and all levels of the ministry using a corporate counsel model. The director of the Environmental Law Section is a member of the ministry's executive team and is the ministry's senior legal adviser.

Associated Groups

Policy Management Office

- The Policy Management Office (with joint reporting to the Ministry of Energy and the Ministry of Environment and Sustainable Resource Development) was formally established in September 2012 to ensure the integration of natural resource policies with a primary focus on upstream oil and gas, oil sands, and coal. The office also provides an interface between policy development and policy assurance.

  The Policy Management Office implements and maintains policy integration and development by providing a clear engagement process at the policy development and assurance stages, ensuring a common risk assessment and management approach, and adopting a performance measurement framework. The Policy Management Office interfaces between the Alberta Energy Regulator and the Government of Alberta's natural resource departments in support of an integrated resource management system.

Land Use Secretariat

- The Land Use Secretariat supports development and implementation of the *Land-use Framework*, including the development of Alberta's regional land-use plans. Established under the *Alberta Land Stewardship Act* the secretariat is part of the Alberta Public Service, but is not part of any Government of Alberta department, allowing it to effectively work with all departments involved in land-use planning.

  The secretariat operates under the authority of the Stewardship Minister and Stewardship Commissioner. The current Stewardship Minister is also the Minister of Environment and Sustainable Resource Development.

Some of the secretariat's specific duties regarding the development and implementation of regional land-use plans include working alongside all government departments to draft the regional plans, consulting with aboriginal peoples, stakeholders and members of the public on draft regional plans and amendments, reviewing the regional plans, and administering regional plan requests for review, complaints and compliance.

GeoDiscover Alberta Program Office

- GeoDiscover Alberta champions the implementation of the Spatial Data Infrastructure for Alberta - a common framework of metadata, processes, policies, standards and technology that enables the acquisition, processing, distribution, maintenance, preservation and use of geographic data and information. The GeoDiscover Program Office reports to a cross-ministry steering committee comprised of the Ministries of Environment and Sustainable Resource Development; Energy; Transportation; Culture; Tourism, Parks and Recreation; Agriculture and Rural Development; and the Alberta Energy Regulator.

Agencies and Boards

Under the *Government Organization Act*, the Minister of Environment and Sustainable Resource Development is designated as the minister responsible for the legislation creating or continuing the following agencies:

Alberta Environmental Monitoring, Evaluation and Reporting Agency

- The Alberta Environmental Monitoring, Evaluation and Reporting Agency is an arms-length public agency with a board of directors responsible to the Minister of Environment and Sustainable Resource Development for providing environmental monitoring, evaluation, and reporting in Alberta. It provides open and transparent access to scientific data and information on the condition of the environment. This data and information informs policymakers, regulators, planners, researchers, communities, stakeholder groups, industries, and the public.

Environmental Appeals Board

- The Environmental Appeals Board was created by the *Environmental Protection and Enhancement Act* and is responsible to hear or, if possible, resolve appeals of specified decisions for regulated entities or directly affected parties as authorized under the act and other applicable legislation.

Land Compensation Board

- This board provides independent, accessible, fair, timely and impartial processes when private land is expropriated by a public authority for projects in the public market.

Natural Resources Conservation Board

- The Government of Alberta has given the board the responsibility for delivery of the following services within the province of Alberta, as stated in the *Natural Resources Conservation Board Act* and *Agriculture Operation Practices Act*:

- The board conducts hearings and issues decisions with respect to the public interest of non-fossil fuel projects that require an environmental impact assessment, or other larger projects referred to the agency by Order in Council.
- The board issues approvals, and delivers compliance and enforcement functions for confined feeding operations under the *Agriculture Operation Practices Act*. The agency deals with requests for reviews related to the *Agriculture Operation Practices Act*, conducts hearings, if appropriate, and issues decisions.

Public Lands Appeal Board

- The Public Lands Appeal Board was created by the *Public Lands Act* and is responsible to hear or, if possible, resolve appeals of specified decisions for the regulated entities or directly affected parties as authorized under the *Public Lands Act* and the *Public Lands Administration Regulation*.

Surface Rights Board

- The Surface Rights Board is a quasi-judicial administrative tribunal established by the *Surface Rights Act*. The act regulates surface rights for a number of different operations including exploration and development of oil, gas and coal. Pipelines and major power transmission lines are also covered by the act. The Surface Rights Board assists landowners/occupants and operators to resolve disputes about:
  - right of entry to the owner's land and the compensation payable to the landowner for the entry;
  - renegotiation of annual compensation under a surface lease or board order;
  - offsite damages; and
  - outstanding payments owed to a landowner by an operator under a surface lease or board order.

  The Surface Rights Board has an effective dispute resolution program that is crucial to the expeditious and efficient resolution of applications.

Funds

Environmental Protection and Enhancement Fund

- This fund was established under the *Environmental Protection and Enhancement Act*. It provides immediate funding for environment-related emergencies, such as fighting wildfires and mountain pine beetle, and addressing environmental issues (e.g., spills).

Climate Change and Emissions Management Fund

- This fund was established under the *Climate Change and Emissions Management Act*. The fund collects from industry $15/tonne of emissions over their net emissions intensity limits. A grant is provided to the Climate Change and Emissions Management Corporation for projects related to reducing emissions of specified gases or improving Alberta's ability to adapt to climate change.

Land Stewardship Fund

- This fund was established under the *Public Lands Act*. The fund receives proceeds from the sale of public land in Alberta and in turn the ministry accesses these funds to purchase or acquire easements on lands for conservation and stewardship use.

Delegated Administrative Organizations

The ministry provides authority to Delegated Administrative Organizations to carry out specified functions described in legislation, regulation or memorandum of understanding administered by the ministry. These organizations function as arms-length, self-funded, legal entities established for the purpose of carrying out delegated functions traditionally delivered by the Alberta Government. There are currently seven Delegated Administrative Organizations associated with the ministry:

Alberta Conservation Association

The Government of Alberta has delegated the following services to Alberta Conservation Association:

- Implementation and support of:
    - projects and improvements that retain, enhance or create wildlife, fish or endangered species habitat;
    - restoration and re-introduction projects to enhance populations of wildlife, fish and endangered species;
    - inventory of populations and habitats of wildlife, fish and endangered species;
    - projects for the stocking of selected water bodies, including transportation of stocked fish; and
    - a program that provides for payment of rewards to persons who assist the ministry with the enforcement of the *Wildlife Act* and *Wildlife Regulation*, including maintaining the uninterrupted capacity to receive information from citizens at no cost to them.
- Provision of compensation for damage and loss:
    - caused by wildlife and measures taken to prevent such damage and loss; and
    - occasioned to livestock as a result of the use of a weapon during an open season.

Alberta Professional Outfitters Society

- The Alberta Professional Outfitters Society is a not-for-profit organization, established to administer the outfitted-hunting industry in Alberta. There are over 400 member Outfitter-Guides and almost 1,500 Guides registered through the Alberta Professional Outfitters Society that provide big game, waterfowl and bird game services to several thousand clients each year.

Alberta Recycling Management Authority

- The Alberta Recycling Management Authority is responsible for managing Alberta's regulated recycling programs for tires, electronics, and paint. The authority's role includes collecting environmental fees from registrants; overseeing the collection, transportation, processing, and disposal of designated materials; and promoting the programs.

Alberta Used Oil Management Association

- The Alberta Used Oil Management Association is responsible for managing Alberta's regulated recycling program to sustain and facilitate the responsible collection and recycling of used oil materials in Alberta. Members remit environmental fees which the association uses in turn to deliver incentives, initiatives and programs that facilitate the recovery and recycling of used oil and used oil materials.

Beverage Container Management Board

- The Beverage Container Management Board is responsible for managing Alberta's regulated recycling program for beverage containers. The Beverage Container Management Board works with stakeholders such as Alberta bottle depots, the Alberta Beverage Container Recycling Corporation, and Brewers Distributors Ltd. to ensure the collection and processing of used beverage containers. It is responsible for setting criteria for the beverage container management system, conducting depot and retail inspections, registering new containers, issuing operating permits for depots and approving collection system agents.

Climate Change and Emissions Management Corporation

- The Climate Change and Emissions Management Corporation was established under the *Climate Change and Emissions Management Fund Administration Regulation*. It is a not-for-profit organization with a mandate to establish or participate in funding initiatives that reduce greenhouse gas emissions and improve our ability to adapt to climate change. The mission is to achieve actual and sustainable reductions in greenhouse gas emissions and facilitate climate change adaptation by stimulating transformative change through investments in innovative projects. These projects include the areas of carbon capture and storage, renewable energy, clean energy production, energy efficiency and adaptation.

Forest Resource Improvement Association of Alberta

- The Forest Resource Improvement Association of Alberta was developed primarily to support the reforestation program for small operators (harvesting less than 10,000 m^3 annually). The association has been delegated the right to collect reforestation levies and the responsibility to manage reforestation activities to meet provincial reforestation requirements. It has also been granted the right to enter into programs to support forest resource improvement more generally and runs numerous periodic programs as well as several long-running programs either directly funded by the department or through other funding opportunities (i.e. federal funds).

AUDITOR
GENERAL
Alberta

Review Engagement Report

To the Members of the Legislative Assembly

I reviewed three of seven performance measures in the Ministry of Environment and Sustainable Resource Development's Annual Report 2014–2015. The reviewed performance measures are the responsibility of the ministry and are prepared based on the following criteria:

- *Reliability*—The information used in applying performance measure methodologies agrees with underlying source data for the current and prior years' results.
- *Understandability*—The performance measure methodologies and results are presented clearly.
- *Comparability*—The methodologies for performance measure preparation are applied consistently for the current and prior years' results.
- *Completeness*—The goals, performance measures and related targets match those included in the ministry's budget 2014.

My review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of enquiry, analytical procedures and discussion related to information supplied to me by the ministry.

A review does not constitute an audit and, consequently, I do not express an audit opinion on the performance measures. Further, my review was not designed to assess the relevance and sufficiency of the reviewed performance measures in demonstrating ministry progress towards the related goals.

Based on my review, nothing has come to my attention that causes me to believe that the performance measures identified as reviewed by the Office of the Auditor General in the ministry's annual report 2014–2015 are not, in all material respects, presented in accordance with the criteria of reliability, understandability, comparability and completeness as described above.

[Original signed by Merwan N. Saher, FCA]

Auditor General

May 13, 2015

Edmonton, Alberta

Performance measures reviewed by the Office of the Auditor General are marked with an asterisk (*) on the Performance Measures Summary Table.

Performance Measures Summary Table

The 2014-17 the Government of Alberta Strategic Plan and all Ministry Business Plans were updated to recognize the difference between performance measures and performance indicators. Performance measures are quantifiable and demonstrate progress towards achievement of ministry goals more attributable to the influence of government programs and services relative to desired targets. Performance indicators can be used to report far reaching, long-term goals beyond the impact of current government activities; goals extraordinarily influenced by external factors (e.g., floods).

This recognition of the impact of external factors on progress towards goals is important as it allows the ministry to focus on the key aspects on which it will have the most impact. In accordance with this differentiation, the following performance measures have been moved to the performance indicator category due to the high influence of external factors impacting their results:

- Air quality index;
- River water quality index;
- Viability of fish and wildlife populations: Percentage of species at risk;
- Sustainable forests: Percentage of forest regrowth attained; and
- Drinking water quality indicator.

	Goal / Performance Measure(s)	**Prior Years' Results**				**Target**	**Current Actual**
1.	**Healthy environment and ecosystems**						
	Performance Measures						
1.a**	Total greenhouse gas emissions: Success in meeting the total greenhouse gas emissions growth targets measured in million tonnes of CO_2 equivalent, as outlined in *Alberta's 2008 Climate Change Strategy*[1]	235 2009	243 2010	247 2011	258 2012	258	267 2013
1.b*	Municipal solid waste to landfills: Kilograms of municipal solid waste per capita disposed of in landfills[2]	738 kg per capita 2010	717 kg per capita 2011	691 kg per capita 2012	911 kg per capita 2013	637 kg per capita	666 kg per capita 2014
	Performance Indicators						
1.1**	Air quality index: Quality of Alberta's air based on five major pollutants: carbon monoxide, nitrogen dioxide, ozone, sulphur dioxide and fine particulate matter	93% 2010	95% 2011	97% 2012	96% 2013	NA	97% 2014
		Percentage of good air quality days					

	Goal / Performance Measure(s)	Prior Years' Results				Target	Current Actual
	Performance Indicators						
1.2**	River water quality index: Water quality of six major Alberta river systems at key sites, based on data on four groups of variables (metals, bacteria, nutrients and pesticides), which are averaged to provide an overall water quality rating	5/6 2009-10	5/6 2010-11	4/6 2011-12	5/6 2012-13	NA	5/6 2013-14
		River systems have good to excellent water quality					
1.3	Viability of fish and wildlife populations: Percentage of species at risk[3]			2.2% 2005	3.6% 2010	NA	2015 results available in 2016
2.	**Sustainable natural resource development**						
	Performance Measure						
2.a*	Sustainable timber harvest by: Annual allowable cut (million cubic metres)	28 2009-10	29 2010-11	30 2011-12	30 2012-13	Does not exceed annual allowable cut	31 2013-14
	Harvest (million cubic metres)	21 2009-10	20 2010-11	20 2011-12	20 2012-13		21 2013-14
	Performance Indicator						
2.1	Sustainable forests: Percentage of forest regrowth attained	NA 2009-10	97.4% 2010-11	97.6% 2011-12	97.3% 2012-13	NA	97.9% 2013-14
3.	**Economic and social benefit**						
	Performance Measures						
3.a	Sustainable economic prosperity from public lands: Ratio of Alberta Government resource revenue to department expenditure on managing public lands	106:1 2009-10	132:1 2010-11	186:1 2011-12	100:1 2012-13	>100:1	181:1 2013-14
3.b	Opportunities for economic, social and recreational development: Percentage change in fishing licences[4,5]	-6.7% 2010-11	2.1% 2011-12	6.4% 2012-13	-1.1% 2013-14	1.9%	4.6% 2014-15
	Percentage change in hunting licences[4,5]	2.0% 2010-11	0.4% 2011-12	5.5% 2012-13	6.5% 2013-14	2.9%	3.3% 2014-15

	Goal / Performance Measure(s)	Prior Years' Results				Target	Current Actual
	The Alberta parks system provides opportunities for outdoor recreation and tourism and appreciation of Alberta's natural heritage						
	Performance Measure						
2.a	Percentage of adult Albertans who visited a provincial park or recreation area in the last 12 months[6]	31.5%	33.4%	32.1%	33.7%	33.0%	28.4%
		2010-11	2011-12	2012-13	2013-14		2014-15
4.	**Protected public and environment**						
	Performance Measure						
4.a*	Containment of wildfires: Percentage of wildfires contained before 10 a.m. the day following assessment[4]	98.1%	96.1%	97.9%	98.3%	97.8%	99.2%
		2010	2011	2012	2013		2014
	Performance Indicator						
4.1	Drinking water quality indicator: Percentage of facilities with no significant drinking water quality incidents[7]	96%	96%	94%	93%	NA	93%
		2010	2011	2012	2013		2014

Notes:

1. The United Nations Framework Convention on Climate Change (UNFCCC) held the nineteenth session of the Conference of the Parties (COP 19) in November, 2013 in Warsaw, Poland. Through Decision 24/COP.19 the UNFCCC adopted updated global warming potentials to normalize emissions of all the greenhouse gases to a reference gas (CO_2) in accordance with revised reporting guidelines, and implemented several methodological changes. As a result of these changes currently stated results and targets are no longer comparable to historically stated values in previous ministry business plans and annual reports. The revised actual results are stated above and the revised targets for 2009 to 2012 are 236, 242, 248, and 253 million tonnes, respectively.
2. Historical results for kilograms of municipal solid waste per capita to landfills have been revised to correct a formula error. This correction did not result in material change in the result. Note that the 2013 actual is not reflective of historical trends due to the southern Alberta floods.
3. Data for the percentage of species at risk is generated every five years. The next results will be available in 2015 and reported in the 2015-16 Annual Report.
4. Target is calculated as a rolling average greater than or equal to the last five years' results.
5. Note that the results provided for 2014-15 are based on estimated numbers.
6. The parks performance measure is labelled as "2.a" because it pertains to goal two from the former Tourism, Parks and Recreation Ministry. The Parks portfolio was transferred to Environment and Sustainable Resource Development in October of 2014. This measure best aligns with the ministry's economic and social benefit goal.
7. Data for the Drinking Water Quality Indicator does not include water works facilities at industrial sites.

*Indicates performance measures that have been reviewed by the Office of the Auditor General.

The performance measures indicated with an asterisk were selected for review by ministry management based on the following criteria established by government:

- Enduring measures that best represent the goal,
- Measures for which new data is available, and
- Measures that have well established methodology.

The table contains seven performance measures and five performance indicators. Performance indicators show progress toward achievement of long term outcomes that a ministry does not have direct influence over and, as such, no targets are required.

**Indicates performance measures included in Measuring Up 2014-15 under strategic goal six as a performance measure or performance indicator.

For more detailed information see Performance Measure Data Sources and Methodology Section on page 57 of the report.
For changes to performance measures see Changes to Performance Measures Information on page 63 of the report.

Discussion and Analysis of Results

Executive Summary

Albertans have a long history and relationship with the environment. From our pioneer days to today, environmental stewardship has been an important cornerstone of the Alberta way.

Today we continue that tradition, working to balance economic opportunities with protection, enhancement and enjoyment of the environment. It's not an easy task and it has become critical to promote healthy ecosystems by developing policies, programs and services to maintain and improve air, water, land and biodiversity conditions. Key to this is inspiring people to discover nature and encourage them to value, protect and enjoy the benefits it provides.

Our ministry's budget and expenditures reflect the commitment Albertans have to the environment. In the 2014-15 fiscal year, examples include an increase in spending of $9 million on air initiatives, an increase of $5 million on land programs and a decrease of $9 million on fish and wildlife oriented programs; largely due to restructuring of the department. At the same time, place-based and collaborative cumulative effects management planning spending was $9 million higher than budgeted in 2014-15 and $19 million higher compared to 2013-14; both largely due to restructuring of the department. The costs of running the department were $21 million higher than budgeted in 2014-15 and $10 million higher compared to 2013-14 due to upgrades and maintenance of information management systems and restructuring of the department.

But the numbers, while important, don't tell the entire story.

The department's leadership on land use planning, conservation initiatives, wetlands policy, water use frameworks and numerous other initiatives promote a healthy environment and ecosystems while enabling Albertans to connect with nature through parks. The department also recognizes the need to promote sustainable resource development by managing the development, consumption and use of our renewable and non-renewable resources. The challenge to balance these often competing interests is being approached through initiatives including renewal of *Alberta's 2008 Climate Change Strategy*, development of regional plans, frameworks on land reclamation and biodiversity management, setting water use limits and raising Albertans' awareness about environmental and sustainable resource development issues and opportunities to resolve them.

At the same time, we continue to develop programs and services to protect the public and the surrounding environment. We have introduced measures to address the impacts of wildfires, flood mitigation and erosion and to assist communities to prevent, prepare for, respond to and recover from environmental emergencies.

Developing the right mix of environmental policies and programs while achieving our economic goals as a resource-rich province is work that will endure as we continue to build a strong foundation to serve Albertans for the years to come.

The following are key areas the department focused on in 2014-15 as we continued to advance stewardship of our air, land, water, biodiversity and natural resources.

Development of Regional Plans and Conservation Properties

In 2014 the South Saskatchewan Regional Plan was implemented, development of the North Saskatchewan Regional Plan began and work continued on full implementation of the Lower Athabasca Regional Plan. The Land Use Secretariat spent $7 million less than budgeted because some anticipated grants were not approved and the full amount of the Crown Land Mineral Rights Assurance contract was not required.

In 2014-15 $8 million was allocated to third parties to purchase or acquire easements on land for conservation purposes.

Alberta Environmental Monitoring, Evaluation and Reporting Agency

The agency was formally proclaimed in 2014 which resulted in program spending being increased by $50 million as the agency became a legal entity. The agency spent $5 million less in the fiscal year as a result of adjustments to grants.

The agency is responsible for Joint Oil Sands Monitoring functions and costs previously incurred by the department in the Science and Monitoring program. This resulted in an overall $26 million decrease for the monitoring program in 2014-15 compared with 2013-14.

Climate Change

In support of activities to renew *Alberta's 2008 Climate Change Strategy*, the Climate Change and Emissions Management Fund reported $175 million in revenue in 2014-15. Through various new funding options, these funds will be used to support projects that reduce emissions of specified gases or improve our ability to adapt to climate change.

Program spending in 2014-15 was lower than the budgeted amount by $59 million and $106 million lower than in 2013-14 due to other funding options being considered to support the development and implementation of transformative technologies to reduce greenhouse gas emissions and improve our ability to adapt to climate change.

More than $12 million was spent on initiatives in support of greenhouse gas emission reduction programs through the Canada ecoTrust for Clean Air and Climate Change.

Wildfires and Forest Protection

Environment and Sustainable Resource Development spent a total of $26 million in 2014-15 on implementation of recommendations from the Flat Top Complex Wildfire Review Committee. This included $21 million spent from the Environmental Protection and Enhancement Fund and $5 million in departmental spending. The funds were used to assist communities in forested areas of the province to develop programs to protect them from wildfires.

$143 million from the Environmental Protection and Enhancement Fund was also spent on fighting 1,400 wildfires in 2014-15. Those fires burned approximately 23,000 hectares. Included in the $143 million is $132 million of in-year disaster assistance.

Wildfire and Forest Protection spending was $144 million higher than budgeted in 2014-15 because of the increase in wildfire activity and increased costs to battle the mountain pine beetle. A total of $35 million was spent on combatting the mountain pine beetle in the 2014-15 fiscal year.

Ministry forest program spending in 2014-15 was $24 million higher compared to the previous year, again due to an increase in wildfire activity.

Flood Mitigation

Alberta flood recovery initiatives continued in 2014-15. The ministry received $37 million in operational spending for flood initiatives and spent $22 million of that amount. The ministry spent $119 million on capital projects out of a $151 million allocation. Unspent funds were deferred to next fiscal year. Delays in some flood related projects reduced spending by $94 million in 2014-15 compared to 2013-14. $10 million was spent on flood recovery efforts in Alberta's provincial parks.

Goal 1

Healthy environment and ecosystems

To achieve air, water, land, and biodiversity conditions that support healthy ecosystems, it is critical to manage the cumulative effects of human development on the environment. Stewardship of the environment requires a collaborative effort by everyone to achieve the outcomes that Albertans and the global communities expect. The ministry provides direction for environmental stewardship through the delivery of policy, regional plans and frameworks. Policy direction is assured by ministry education, outreach, authorizations and compliance programs, and reporting environmental conditions and trends. Industry, communities, and citizens also play an important role in environmental stewardship by voluntarily undertaking best management practices and complying with regulatory requirements. Their actions to reduce the growth of greenhouse gas emissions, reduce air and water pollutants, manage waste, minimize land disturbances, and manage forests and at-risk and invasive species are critical to achieve desired outcomes. The environmental outcomes of clean air, stable climate, quality water, healthy lands, forests, fish, and wildlife contribute toward and enhance the quality of life of Albertans and global communities.

The following stories describe priority and mandated initiatives the ministry delivered in the past year and selected performance measures and indicators which demonstrate progress towards achievement of Goal One.

Integrated Resource Management System - Alberta is implementing an integrated resource management system to help Alberta achieve the environmental, economic and social outcomes Albertans and the world expect from responsible resource development. This approach is based on cumulative effects management of land, air, water, and biodiversity and the natural resources contained within this environment (e.g., energy, mineral, forest, agriculture, etc.).

A fully functional integrated resource management system will:

- integrate and align natural resource and environmental policies;
- provide clear environmental, economic, and social outcomes to guide all parties operating on the landscape;
- assure the outcomes, policies, and plans advance the public interest;
- create a robust program to measure, evaluate and report environmental, economic, and social conditions and outcomes;
- build strong relationships with partners and stakeholders through meaningful engagement;
- provide open and transparent environmental, economic, and social data to assist natural resource management decision-making; and
- use Alberta's experience and innovation, as well as the expertise and experiences of others, to ensure continual improvement.

Current priority initiatives to ensure responsible resource development include:

- continued development of the Alberta Environmental Monitoring, Evaluation and Reporting Agency, to build comprehensive, science-based environmental monitoring;
- implementation and continued development of regional land-use plans;
- integrated energy policy and regulatory system; and
- building strong relationships with partners and stakeholders.

Development of Regional Plans - The *Land-use Framework* sets out an approach to managing our province's land and natural resources to achieve Alberta's long-term economic, environmental and social goals. The framework establishes seven new land-use regions and calls for the development of a regional plan for each.

- The South Saskatchewan Regional Plan was approved and came into force September 1, 2014. The plan supports implementation of air and water quality management frameworks and commits to the development of a regional biodiversity management framework and linear footprint management plan for public lands.
- Development of the draft North Saskatchewan Regional Plan continued this past year with the first round of public consultations and the release of the Terms of Reference. A Regional Advisory Council was established to provide advice and recommendations on the development of the regional plan. Release of the draft plan for comment is anticipated in early 2016.
- Implementation of the Lower Athabasca Regional Plan continues with completion of a number of strategies, such as a biodiversity management framework and landscape management plan.
- A regional strategic assessment is being conducted for the south Athabasca oil sands area, which is the main area of in situ oil sands development in the region. This prototype will assess the cumulative effects of future development and the output from this initiative feeds development of a landscape management plan. The landscape management plan supports achievement of objectives in the draft biodiversity management framework, and other relevant provincial policy outcomes, by defining specific actions to manage the cumulative effects of human activities on air, land, water and biodiversity.
- Respecting the rights of landowners remains a top priority of this government, and regional plans are built with this in mind. Regional plans will not change or alter property rights or freehold mineral rights in Alberta. Landowners are protected under the *Alberta Land Stewardship Act*. The government also continues to work on implementing the recommendations of the Property Rights Task Force.
- The Land Stewardship Fund provided $8 million in grants to third parties for the purchase of private lands or acquiring easements to be used for conservation purposes.

The Alberta Environmental Monitoring, Evaluation and Reporting Agency - was established in 2014 and assumed Alberta's responsibilities under the Joint Canada-Alberta Implementation Plan for Oil Sands Monitoring.

- The agency strengthened its scientific capacity in 2014 with the appointment of six internationally recognized environmental science experts to a science advisory panel that will provide peer review and validate its provincial environmental monitoring, evaluation and reporting programs and activities.
- The key role of the science advisory panel will be to provide a "science audit" function of the programs and activities delivered by the agency. Advice from the panel will be used to guide continuous improvements in agency scientific standards and processes to ensure they are credible and meet or set global best practices.

Regulatory Enhancement Project - The goals of the Regulatory Enhancement Project are to develop strategic and integrated policies and plans for sustainable energy and mineral development. Responsibility for this project includes the department, other government ministries and the Alberta Energy Regulator.

The department's contributions to this project in 2014-15 include:

- transferred Environmental Impact Assessments to the Alberta Energy Regulator;
- completed development and began implementation of the Common Risk Management Framework;
- finalized a draft Framework for Engagement in Natural Resources and Environmental Policy including endorsement of the outcomes, strategic opportunities and principles;
- established the Policy Integration Management Group to support integrated development of upstream oil, gas, oil sands and coal policies between the Government of Alberta and the Alberta Energy Regulator; and
- completed the Policy Systems Review Project: Final Report, a qualitative research project that provides a comprehensive overview of the natural resource and environmental policy system.

Alberta Responsible Energy Policy System - The Alberta Responsible Energy Policy System portal was created by the Policy Management Office in partnership and with significant support from Environment and Sustainable Resource Development, Alberta Energy, and the Alberta Energy Regulator. This new system provides coordinated online public access to all policies relating to the development of upstream oil, gas, oil sands and coal. This easy-to-use platform allows users to search and access several varieties of policy instruments ranging from legislation, regulations, rules, strategies, plans, directives, information letters and manuals that inform regulatory decision making. The Alberta Responsible Energy Policy System provides access to hundreds of environmental and natural resource policies developed by Environment and Sustainable Resource Development.

Open Source Environmental Information Systems - This project enables government to share credible data and information with integrated resource management system stakeholders and the public. This includes all data and information relevant to environmental, landscape and integrated resource management. Project charters are now being developed to guide the next phase of this project.

GeoDiscover Alberta - As the spatial data infrastructure for Alberta, GeoDiscover Alberta provides standards, policies and technology that enable the Government of Alberta and its stakeholders to easily share geographical information. GeoDiscover Alberta's philosophy is "collect once, closest to the source and share many times".

GeoDiscover Alberta has been working closely with Service Alberta on the Open Government initiative. In partnership with Service Alberta and the Provincial Archives, GeoDiscover Alberta completed the business requirements gathering phase of the multi-year long-term digital geospatial data preservation initiative which will see the creation of a trusted digital geospatial data preservation archive for Alberta.

With the Ministries of Transportation and Municipal Affairs, GeoDiscover Alberta has been leading the creation of the definitive Alberta Road Network with the completion of a business case by December 2014 and development of a proof of concept set to start by June 2015.

Climate Change Strategy - Environment and Sustainable Resource Development is renewing *Alberta's 2008 Climate Change Strategy* and the *Specified Gas Emitters Regulation* to ensure continued effectiveness and to look for innovative ways to reduce emissions at the source.

As part of the strategy renewal the Government of Alberta has also requested a review of the operations and mandate of the Climate Change and Emission Management Corporation. This corporation invests in initiatives and projects that support developing and implementing transformative technologies that reduce greenhouse gas emissions and improve scientific understanding to support our province's ability to adapt to climate change. The Government of Alberta has allocated funds to the corporation from the Climate Change and Emissions Management Fund, which was established as a compliance option for regulated facilities covered by the *Specified Gas Emitters Regulation*. The fund reported $175 million in revenue during the 2014-2015 fiscal year. To date $248 million has been invested by the corporation in more than 100 projects that have an impact on reducing greenhouse gas emissions. In addition, $1.3 billion has been earmarked by Alberta Energy for ongoing carbon capture and storage projects.

Growth in greenhouse gas emissions from the oil sands is due to increased production to meet a growing global demand for energy. To provide perspective, oil sands greenhouse gas emissions make up approximately:

- 23 per cent of Alberta's emissions;
- 8 per cent of Canada's emissions; and
- less than 0.15 per cent of global emissions.

The ministry supported projects to reduce greenhouse gas emissions through Canada ecoTrust for Clean Air and Climate Change initiatives, including clean energy research and waste-to-energy conversion. Over $12 million was spent on Canada ecoTrust initiatives in 2014-15. Major projects included:

- $1.5 million to Millar Western Forest Products Ltd. to support the Whitecourt Bio Energy Project. This project is expected to improve pulp effluent treatment and convert recovered organic waste to bioenergy to displace fossil fuel consumption.
- $2 million to Manning Diversified Forest Products to support the combined heat and power using waste wood Biomass technology.
- $5.5 million funding to the Town of Drayton Valley to support building a Clean Energy and Technology Centre.
- $1.2 million to the City of Medicine Hat to support the solar thermal energy demonstration project.

Greenhouse Gas Emissions and Regulation - The Alberta Government continues to review *Alberta's 2008 Climate Change Strategy* and regulatory instruments to ensure Alberta's emissions decline at a sustainable rate both environmentally and economically. As the Alberta Government continues to strengthen its regulatory system, including sector based regulations developed by the Federal Government, there will be ongoing and increased reductions in emissions in the coming years.

Alberta has been participating with other provinces and territories as well as industry in the Federal Government's sector-based efforts to establish national greenhouse gas performance standards. In 2012, national regulations for coal-fired electricity generation were established which come into effect in 2015. Regulations for other sectors are currently under development.

Air Management - Alberta has continued to be a national leader in its implementation of the Air Quality Health Index. The department delivered a communication and engagement program to inform Albertans on air quality and the use of the Air Quality Health Index. This included piloting an Air Quality Health Index education program in Edmonton area schools so students could learn about air quality, how it impacts their lives and what they can contribute to improve air quality.

As part of the commitment to implement the national Air Quality Management System, in 2013-14 Alberta delineated six airshed zones for management and reporting of the Canadian Ambient Air Quality Standards for fine particulate matter and ozone. The air zones follow the *Land-use Framework* regional boundaries to facilitate cumulative effects management. The air zones are in the South Saskatchewan, Red Deer, North Saskatchewan, Upper Athabasca, Peace (combination of Lower Peace and Upper Peace regions) and Lower Athabasca. Air Management Frameworks are being implemented in the Lower Athabasca and South Saskatchewan regions.

Water Management Frameworks - These frameworks ensure we are using our water resources wisely, and are important aspects of regional planning in Alberta.

The *South Saskatchewan Region Surface Water Quality Management Framework* is being implemented and identifies ambient triggers and limits to protect surface water quality, addresses cumulative effects, and supports pollution prevention and proactive management strategies.

In February 2015, the Government of Alberta introduced the *Lower Athabasca Region Surface Water Quantity Management Framework* which establishes stringent water use requirements for both current and future mineable oil sands operators. The framework requires the majority of water used by existing operators and all water used by new operations to stop during low flow periods. Water use will be restricted during these low flow periods and weekly triggers will be put in place to act as an early warning point before a limit is reached.

The *Lower Athabasca Region Groundwater Management Framework* sets interim triggers and limits. Monitoring networks are being developed over the next few years and once the network is fully operational, the data collected will help finalize the triggers and limits.

Water Conversation - The Government of Alberta responded to the priorities of Albertans by outlining twenty immediate actions to protect the province's water resources identified by Water Conversations that were held throughout the province in 2013.

Highlights include: enhancing lake health governance systems to clarify roles and responsibilities, implementing scientific standards for baseline water testing near hydraulic fracturing operations and working with municipalities to improve sustainability of municipal water systems.

These actions are being used to further safeguard drinking water supplies, improve how we manage lakes and enhance groundwater protection during oil and gas development.

Invasive Species Framework - The Government of Alberta continued to develop and enhance an Invasive Species Framework in 2014. The work involved identification of key invasive species (aquatic, terrestrial and diseases), concurrently seeking to align prevention, detection, rapid response and control through improved legislation and coordination between ministries and stakeholders.

Following successful aquatic invasive species inspection, education and monitoring projects in 2014, including using sniffer dogs to detect quagga and zebra mussels, amendments to the *Alberta Fisheries Act* were proclaimed on March 30, 2015. The amendments make watercraft inspections mandatory at all designated watercraft inspection stations across the province. The amendments also give fishery officers greater authority when dealing with contaminated watercraft and greater clarity regarding their role in ensuring compliance and providing education about the risks associated with aquatic invasive species.

Parks Division also made substantive progress in 2014 to prevent the introduction of aquatic invasive species in provincial parks and recreation areas through client focused education and awareness activities including information on the ReserveAlbertaParks.ca website, and mussel detection activities including roving boat inspections and sampling of 15 lakes for "veligers;" the microscopic larval stage of mussels.

Protection of Species at Risk - As signatories to the National Accord for the Protection of Species at Risk, Alberta is committed to responsible and pro-active actions for the most vulnerable constituents of our province's biodiversity. Continuing collaboration with landowners, municipalities, industry, other stakeholders and the federal government is essential to achieving recovery of species at risk in Alberta.

In conjunction with species at risk recovery plans which are reviewed by the multi-stakeholder Endangered Species Conservation Committee, Alberta uses a combination of legislation, regulations, policy, land-use planning practices, stewardship, and on-the-ground actions to conserve species at risk.

In early 2014 trumpeter swan was downlisted from Threatened to a Species of Special Concern. This was the result of ongoing increases in population size in Alberta over the last 25 years from active management of the trumpeter swan's provincial breeding habitat.

Athabasca rainbow trout, bull trout, pygmy whitefish and western grebe were added to the Threatened list in 2014.

Current species at risk priorities include:

- **Sage-Grouse** - The provincial government has been involved in the recovery of greater sage-grouse for over 15 years and is committed to the recovery of this native prairie bird. Sage-grouse recovery will only be achieved through collaboration with landowners, municipalities, industry, other stakeholders and the federal government.

  Habitat restoration activities in 2014-15 focused on removal of a number of abandoned buildings in key sage-grouse habitats. These buildings enabled increases in predator numbers by providing nesting, denning, and roosting habitat. The province also conducted targeted predator control activities around active leks (courtship sites) and in key nesting areas to reduce threats to sage-grouse adults and chicks. Collaboration continued with the Calgary Zoo and Environment Canada on establishing a sage-grouse captive breeding program. The Government of Alberta has also recently taken control of Agriculture Canada's 42,000 acres One-Four Agricultural Research Station. This site is largely comprised of native grassland habitat, and will be managed to enhance sage-grouse and other wildlife habitat.
- **Caribou** - Alberta is committed to stabilizing, recovering and ultimately achieving naturally self-sustaining populations of caribou. Alberta is taking a working landscape approach to range planning with consideration for social and economic interests in addition to environmental values. Alberta is preparing range plans for its woodland caribou ranges to satisfy requirements of the federal *Species at Risk Act*, and the federal recovery strategies for woodland caribou (boreal and southern mountain). Range plans are already underway for the Little Smoky and A La Peche caribou ranges. Range plans for the remaining boreal and mountain ranges in northwestern and southwestern Alberta are in development. Alberta will work with Canada to consolidate our range plans into an action plan by the recovery strategies' deadlines in 2017.
- **Whitebark and Limber Pine** - These tree species have declined throughout their native range due to white pine blister rust (an introduced fungus) and an increase in mountain pine beetle. Both trees were listed as *Endangered* under the provincial *Wildlife Act* in 2008 with whitebark pine being listed under the federal *Species at Risk Act* in 2012. Activities focusing on the collection of seed, producing

seedlings for planting and identifying rust-resistant trees have been undertaken. This work will continue to conserve and restore existing populations in Alberta to ensure these keystone species retain their ecological function.

Fish Sustainability Index - Work on the Fish Sustainability Index continued to provide a scientifically-defensible and repeatable assessment of the risks to the sustainability of fish populations in 2014-15. It utilizes both current and past distribution, abundance, habitat and landscape condition information, and more. These assessments support the development of objectives and plans for fisheries management and conservation which focus and prioritize efforts for monitoring and recovery or enhancement actions. The Fish Sustainability Index informs other Government of Alberta planning processes such as the *Land-use Framework* and facilitates collaboration with the Government of Canada in matters related to fisheries.

Fish and Wildlife Legislation and Regulations - Environment and Sustainable Resource Development delivered the following legislative activities and achievement in 2014-15.

- ***Fisheries (Alberta) Amendment Act, 2015*** - The Alberta Government amended the *Fisheries (Alberta) Act* to help protect Alberta water bodies from infestation by aquatic invasives. These amendments included:
    - expanding the act to address not only fish but other organisms such as aquatic plants and other aquatic organisms that are invasive species. Measures and powers were expanded to address invasive species;
    - prohibitions on importing and possessing invasive species;
    - broadening the appointment of persons authorized to conduct compliance activities under the act, and the powers of investigation;
    - enabling mandatory inspections and requiring compliance by owners of vessels to comply with decontamination orders; expanding powers to quarantine vessels and other means of conveyance when the presence of invasive species is confirmed or is probable; and
    - inserting a list of controlled species schedule into the act.
- ***General Fisheries (Alberta) Amendment Regulation*** and ***Fisheries (Ministerial) Amendment Regulation*** - Environment and Sustainable Resource Development regulates the fish resources of the province, but through a Memorandum of Agreement, Agriculture and Rural Development performs much of the administration of fisheries legislation applying to the aquaculture industry. The two departments and the aquaculture industry proposed several changes to allow further growth in the industry while streamlining administration and enhancing protection of the province's natural resources from accidental release of fish or potential disease organisms from fish farming operations.

  Significant changes included the creation of a new class C commercial fish culture operation, which applies where anglers pay a fee to remove fish, and the institution of fish health management plans for class A and B operations. Licence holders will benefit from reduced frequency of licence renewals with the preparation of fish health management plans that incorporate best industry practices, which prevent the introduction and spread of aquatic diseases, parasites, and fellow travellers (invasive or nuisance species such as zebra mussels and eurasian milfoil) in Alberta. Import licences are required for all cultured fish rather than a sub-set of them, to ensure the source is reliable and best management practices are used to protect Alberta's aquatic ecosystems.
  Changes in the regulations are consistent with the *Fish Conservation and Management Strategy for Alberta*, the National Aquatic Animal Health Program, and the National Code in the Introduction and Transfer of Aquatic Organism – 2013.

- ***Wildlife (Trumpeter Swan) Amendment Regulation*** - This regulation changed the status of trumpeter swan in Alberta, removing it from the endangered animals list and adding it to the non-game animals list. Alberta trumpeter swan populations continue to increase as a result of active management to reduce disturbance of lakes where they breed, application of land-use guidelines, re-introductions, and other management activities contributing to their recovery. Trumpeter swans continue to be managed under the Alberta Trumpeter Swan Recovery Plan.
- ***Wildlife (Domestic Cervid Changes, 2014) Amendment Regulation*** - Consequential amendments were made to the *Wildlife Regulation*, supporting the *Livestock Industry Diversification (Amendment)* Act, 2011 and the *Domestic Cervid Industry Regulation*, which are administered by Agriculture and Rural Development. The overall objective of the changes was to simplify the regulation of farmed cervids such as elk and deer, so that Agriculture and Rural Development assumed oversight of the industry. Environment and Sustainable Resource Development retains some authority in situations where stray animals may harm persons or the environment, and where antlers from domestic animals from outside Alberta are being imported into Alberta.

Results-based Budgeting - Results-based budgeting began in February 2012 with the passage of the *Results-based Budgeting Act*, which committed all government ministries to review all programs and services provided by the government over three cycles; 2012-13, 2013-14 and 2014-15.

In 2014-15, Environment and Sustainable Resource Development participated in the cycle three review of Protecting Albertans, Wellness, and Enterprise and Ministry Support Services lines of business. It also oversaw ongoing implementation of 14 key recommendations from the cycle two Resource Management and Environmental Stewardship line of business, representing work done by six ministries. Reporting on selected cycle two Recreation and Culture line of business recommendations was assumed in 2014 with addition of Parks Division. In addition, the department is following up on cycle one recommendations under the Economic Development line of business. The results based budgeting review process continues to benefit the department, beyond the recommendations that came forward. These benefits include increased accountability for department programs and services to demonstrate their performance and progress towards achieving results.

Alberta Wetland Policy

On September 10, 2013 the Government of Alberta announced a new wetland policy for the province. The goal of the policy is to conserve, restore, protect, and manage Alberta's wetlands to sustain the benefits they provide to the environment, society, and the economy.

The Alberta Wetland Policy provides the strategic direction and tools required to make informed management decisions in the long-term interest of Albertans. The policy will minimize the loss and degradation of wetlands, while allowing for continued growth and economic development in the province.

This policy represents a significant shift in wetland management, taking into account not only the spatial footprint of a wetland, but also the relative value it provides. Under the policy, relative wetland value will be evaluated on the basis of relative abundance on the landscape, supported biodiversity, ability to improve water quality, importance to flood reduction, and human uses. Individual wetlands will be assessed against these key criteria and assigned an overall wetland value.

The Alberta Wetland Policy was implemented in settled areas of the province starting June 1, 2015. To support policy implementation, the Government of Alberta has developed a range of new and innovative tools and information products. Amongst these are:

- The Alberta Wetland Classification System, which supports determination of wetland class (bog, fen, swamp, marsh, shallow open water ecosystem), type, and form. Although developed specifically to address Alberta's unique wetlands, the system is compatible with other existing wetland classification systems;
- The Wetland Identification and Delineation Guide, which allows *Water Act* applicants to clearly establish the spatial extent and boundaries of a wetland;
- A map of relative wetland value, which offers a preliminary, geographical information system based estimate of relative wetland value, for both project planning and land use planning purposes;
- The Alberta Wetland Rapid Evaluation Tool, which enables on-the-ground assessments of relative wetland value for both regulatory and more detailed planning purposes; and
- A wetland offset program, which enables new and innovative options to address wetland replacement requirements resulting from the approved loss of wetlands in the province.

These leading edge tools, in conjunction with a series of explicit and comprehensive guidance documents will support the implementation, ongoing operation, and continuous improvement of an efficient, effective, and informed wetland management system for the Province of Alberta.

Implementation of the Alberta Wetland Policy on crown lands will require additional elaboration and refinement of the tools identified above, and will follow in June of 2016.

Invasive Species - Zebra and Quagga Mussels

The *Fisheries (Alberta) Amendment Act* was proclaimed into law effective March 30, 2015. Under the act watercraft inspections are now mandatory and inspection stations are located at commercial vehicle weigh stations throughout the province, as well as main points of entry.

With Alberta's introduction of mandatory boat inspections, inspectors will be happy to have the help of sniffer dogs to speed up the inspection process.

Following a successful pilot last summer, Working Dogs for Conservation will provide Wicket, Lily and Orbee to carry out inspections, while Alberta works to train its own permanent team of canines. The dogs will be focusing on Albertans returning home from the mussel-infested southern United States. Zebra and quagga mussels can spread quickly and live out of water for up to 30 days. Once introduced to a waterbody, they are virtually impossible to eradicate. The province estimates that an infestation of invasive mussels in Alberta could cost the province more than $75 million annually – including damage to infrastructure and recreational opportunities.

Albertans play an important role in protecting the province's waterways from aquatic invasive. Everyone who enjoys Alberta's lakes and rivers needs to be proactive about keeping our aquatic ecosystems safe.

If you are bringing a boat and equipment into Alberta from another province or state, make sure to:

Clean

- Clean and inspect watercraft, trailer and gear.
- Remove all plants, animals and mud at the access area or dock.
- At home, soak your gear in a two per cent bleach solution for one minute (20 millilitres of bleach per litre of water).
- Rinse, scrub or pressure wash your boat away from storm drains, ditches or waterways.

Drain

- On land before leaving the waterbody, drain all water from:
  - bait buckets;
  - ballasts;
  - bilges;
  - coolers;
  - internal compartments;
  - livewells; and
  - transom motors.
- Never release live bait into a waterbody or transfer aquatic plants or animals from one waterbody to another.
- For paddle boats, drain by inverting or tilting the watercraft, opening compartments and removing seats if necessary.

Dry

- Dry the watercraft and gear completely between trips and allow the wet areas of your boat to air dry.
- Leave compartments open and sponge out standing water.

If you are using your boat in a number of different waterbodies, be sure to clean, drain and dry your boat and equipment after you leave each waterbody. This is especially important if you boat outside of the province.

Goal 1 Performance Measures

The following performance measures and indicators demonstrate progress towards achievement of Goal One.

1.a Total Greenhouse Gas Emissions

This performance measure tracks the success in meeting the greenhouse gas emissions growth targets measured in million tonnes of CO_2, as outlined in *Alberta's 2008 Climate Change Strategy.*

Target

Comparable target is 258 million tonnes for 2013

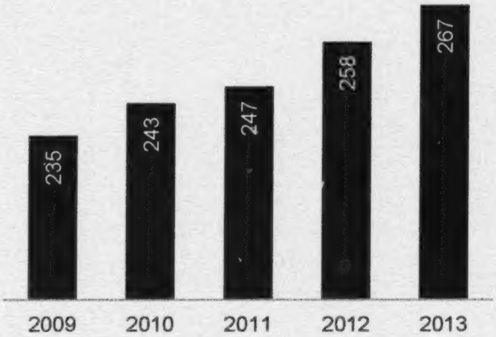
Results Analysis

The results for 2013 reflect higher overall emissions relative to previous periods. Factors contributing to the more recent increases in emissions span several sources and have been driven by a:

- 6.0 million tonne increase in energy emissions for stationary combustion (e.g., electrical generation, boilers, etc.);
- 3.0 million tonne increase in energy emissions for transportation;
- 1.1 million tonne increase in energy emissions for fugitive emissions (methane);
- 1.8 million tonne decrease in industrial process and product use emissions;
- 0.5 million tonne increase in agriculture emissions; and
- 0.1 million tonne increase in waste emissions.

Figure 1

Total Greenhouse Gas Emissions
(million tonnes)



Another factor in the increase is the United Nations Framework Convention on Climate Change has adopted updated global warming potentials to normalize emissions of all greenhouse gases to a reference gas (CO_2), and implemented several methodological changes. Environment Canada applied these changes in April of 2015 for the 2013 emission inventory. All the 2009-13 data has been updated to reflect the Intergovernmental Panel on Climate Change 2007 guidelines, and global warming potentials to normalize previously submitted data. As a result of these changes, currently stated results and targets are no longer comparable to historically stated values in previous ministry business plans and annual reports. The revised actual results are stated in Figure One above, and the revised targets for 2009 to 2012 are 236, 242, 248, and 253 million tonnes, respectively.

1.b Municipal Solid Waste to Landfills

The amount of municipal solid waste sent to landfills indicates Alberta's progress toward reducing the annual amount of municipal solid waste disposed in landfills as measured in kilograms of waste per capita per year.

Target

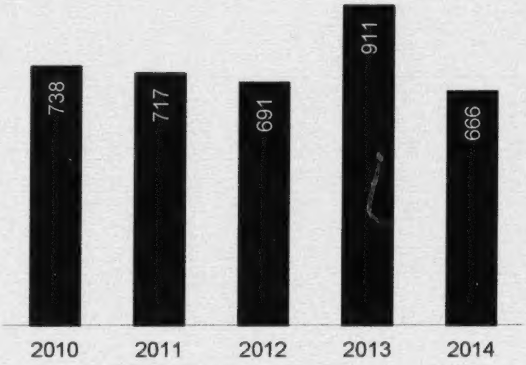
637 kilograms per capita

Results Analysis

Municipal solid waste disposed in landfills decreased from 911 kilograms per capita in 2013 to 666 kilograms per capita in 2014. Note that the 2013 result is not reflective of historical trends due to the southern Alberta floods. The actual result for 2014 exceeded the estimated target by 29 kilograms per capita. Municipal solid waste disposal is complex and is influenced by many factors. One reason the actual may have exceeded the 2014 target (637 kilograms per capita) is the target was set using the best available information which did not capture the influence of post flood rebuilding efforts in the province. The five year trend shows a decreasing amount of waste. A number of factors can influence this measure including government or private sector waste reduction initiatives, the overall state of Alberta's economy and natural disasters. Innovative approaches will be necessary in the coming years to reduce the amount of waste disposed in Alberta landfills, particularly on high volume waste streams such as organics, packaging and printed materials and construction and demolition waste.

Figure 2

Municipal Solid Waste to Landfills
(kilograms per capita)



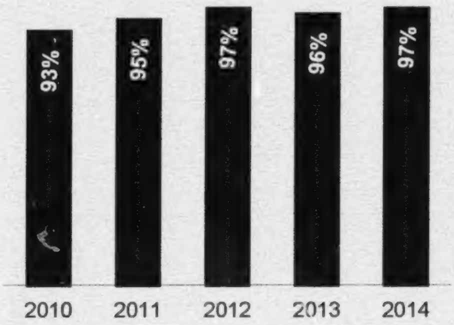
Goal 1 Performance Indicators

1.1 Air Quality Index

The Air Quality Index measures the air quality based on five major pollutants: carbon monoxide, nitrogen dioxide, ozone, sulphur dioxide and fine particulate matter – $PM_{2.5}$

Figure 3

Quality of Alberta's Air (percentage of good days)



Results Analysis

Air quality is influenced by a number of factors including vehicle emissions, weather patterns, wildfires and intensity of industrial development. In 2014, Alberta had 'good' air quality days occurring 97 per cent of the time. Year-to-year changes in the percentage of good air quality days are almost entirely accounted for by the frequency of forest fire, springtime ozone, and smog events. Relative to 2013 and previous years, there were fewer springtime ozone events in 2014, which are generally caused by natural influences. In the summer of 2014 however, there was a slightly higher frequency of fine particulate matter events than in 2013, as a result of smoke from forest fires burning in the Northwest Territories. In the winter months (January to March and October to December), air quality can be influenced by wintertime smog, which is the result of accumulation of urban pollution during periods of light wind. In order to reduce urban pollution, Environment and Sustainable Resource Development has led the development of particulate matter reduction plans in the Edmonton and Red Deer regions, and the Calgary Region Airshed Zone has updated its Particulate Matter and Ozone Management Plan.

The number of stations incorporated into this measure, using consistent monitoring technology and meeting data completeness requirements, were: ten in 2010, eleven in 2011, ten in 2012, twelve in 2013, and fourteen in 2014.

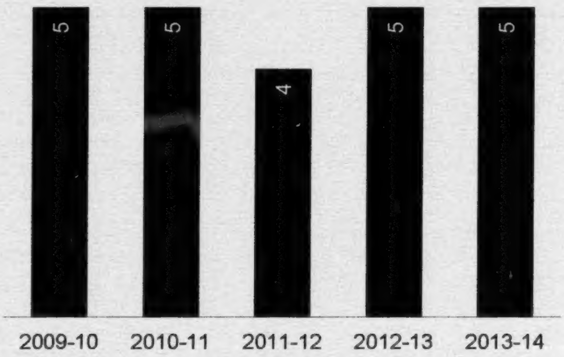
1.2 River Water Quality Index

River water quality index measures the water quality of six major Alberta rivers at key sites based on monthly data on four groups of variables (metals, bacteria, nutrients and pesticides), which are combined to provide an indication of overall water quality.

Results Analysis

In 2013-2014, five out of six river systems assessed as part of the Alberta river water quality index demonstrated 'good' to 'excellent' water quality. Various natural and human factors, including flow volume, degree of development in the basin, point source effluent discharges, and non-point source runoff (e.g., from agricultural fields or storm water), can influence the river water quality index. The floods in southern Alberta elevated bacteria and nutrients concentrations in the Bow and Oldman Rivers above guidelines in July, but overall annual water quality was still rated good at most sites. Sampling downstream of Edmonton in the North Saskatchewan River coincided with a July rainfall event that likely contributed nutrients and bacteria from non-point sources to the river. This event, combined with the elevated nutrient concentrations in spring, and summer bacteria and pesticide detections resulted in a rating of 'fair' at the downstream North Saskatchewan River monitoring station.

Figure 4
River Water Quality
('good' to 'excellent' water quality)



The Alberta river water quality measure examines a very broad range of water quality parameters, many of which tend to fluctuate over time, particularly in response to climatic events. Hence, a small level of inter-annual variability in ratings is expected and typically observed. Although the impacts of the southern Alberta flood tended to lower overall ratings, its impacts were not long-lasting.

Figure 5

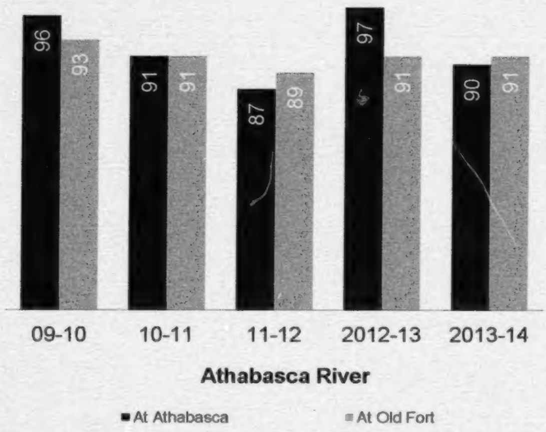


Figure 6

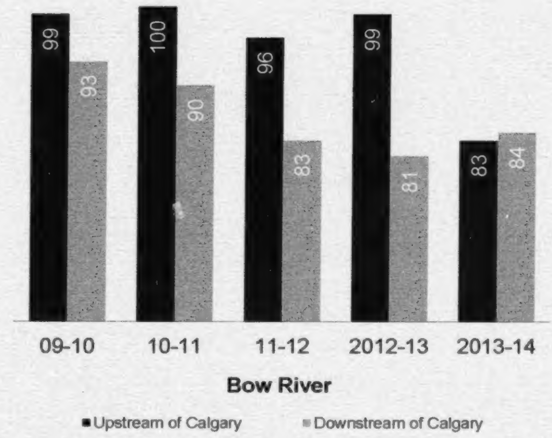


Figure 7

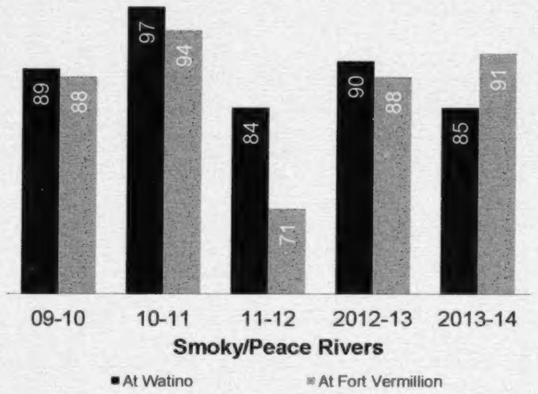


Figure 8

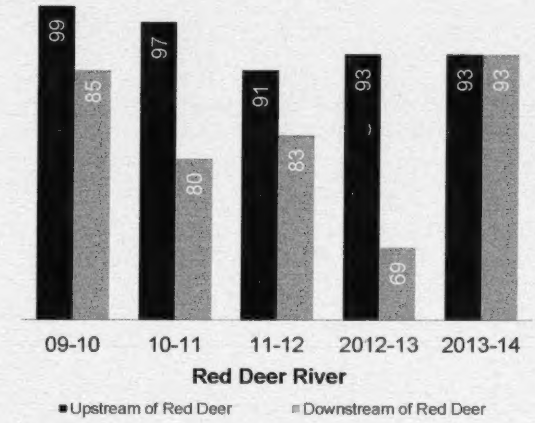


Figure 9

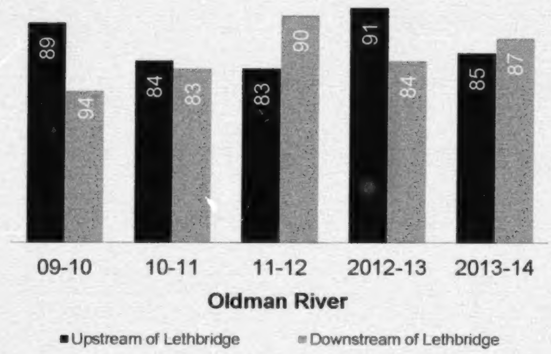
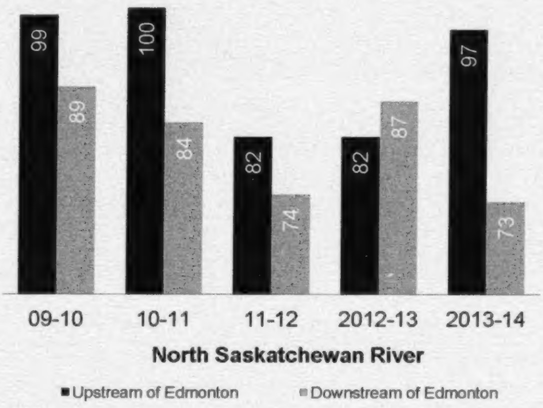


Figure 10



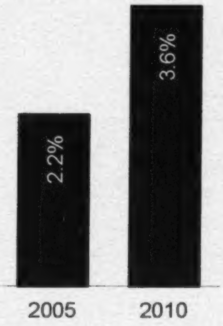
The majority of values show no trends in water quality over time. In 2013-14, water quality in provincial rivers generally was highly rated. One out of 12 sampling sites scored a rating of excellent, while ten sites scored a rating of good and one received a rating of fair. (Figure 5: Athabasca River; Figure 6: Bow River; Figure 7: Smoky/Peace Rivers; Figure 8: Red Deer River; Figure 9: Oldman River; Figure 10: North Saskatchewan River).

The values in the graphs above depict stations from the province's six major river systems and are used to show changes in water quality over the previous five years. Various natural and human factors, including flow volume, degree of development in the basin, point source effluent discharges and non-point source runoff (e.g., from agricultural fields), can influence the measure. In July of 2013, sampling in the North Saskatchewan River basin coincided with a precipitation event, which likely contributed to increased non-point source runoff to the river. Contaminants (bacteria, nutrients, pesticides) transported by this runoff, along with the spring runoff of nutrients and pesticide detections in June through August resulted in an increase in the number and magnitude of water quality guideline exceedances and therefore, a lower River Water Quality rating at the downstream monitoring station. Overall scores in the Bow and Oldman Rivers were impacted by the floods, particularly at the upstream sites, but still received good ratings on an annual basis.

1.3 Viability of Fish and Wildlife Populations

Measures the percentage of species at risk in the province

Figure 11
Healthy Fish and Wildlife Populations (Percentage of species at risk)



Results Analysis

The next results for the viability of fish and wildlife populations performance indicator will be available towards the end of 2015. Due to the length of time between reporting (once every five years) and the small number of data points available in the timeline, it is difficult to accurately pinpoint the future trend. As more data is collected for this performance indicator, the trend will become more apparent.

Despite rare situations where species are re-categorized, most of the percentage change will be caused by actual change in the number of species listed as At Risk. As in previous years, this indicator will be expected to grow by a small amount. Alberta Endangered Species Conservation Committee continues to work assessing the status of species and make recommendations on status to the Minister of Environment and Sustainable Resource Development. In 2010, 16 of 582 or 2.75 per cent of vertebrate species in the province were at risk. This rate is higher than the 2.2 per cent reported in 2005. Data for the percentage of species at risk is generated every five years. The next results will be reported in the Environment and Sustainable Resource Development's 2015-16 Annual Report. Recovery and management plans prepared for Alberta species have been instrumental in achieving maintenance of fish, wildlife and plant species. Alberta commits to the establishment of regulations and programs that provide effective protection of species designated At Risk within Alberta.

Goal 2

Sustainable natural resource development is achieved

Managing the development, consumption, and use of natural resources in a sustainable manner is essential to assure a continued supply for current and future generations. A collaborative environmental stewardship approach to development supports achieving the balance between environmental and economic outcomes. The ministry provides environmental stewardship direction and regulates access, allocation, and use of natural resources through planning, policy, and policy assurance programs. As stewards of the environment, industry, communities, and citizens take actions to comply with timber, fish, and wildlife harvest limits, reforestation requirements, water use limits, and timely reclamation and remediation of lands. Stewardship actions are critical to achieve sustainable forests, fish and wildlife populations and habitats, productive and sustainable lands, and water supplies that meet environmental, economic, and social needs for generations to come.

The following stories describe priority and mandated initiatives the ministry delivered in the past year and selected performance measures and indicators which demonstrate progress towards achievement of Goal Two.

Tailings Management - In March 2015 the Government of Alberta introduced the *Lower Athabasca Region Tailings Management Framework* for the Mineable Athabasca Oil Sands. The framework limits the amount of tailings that can be accumulated, establishes firm thresholds to identify when companies must take action to prevent environmental harm, ensures that tailings ponds are progressively treated and reclaimed within 10 years of the end-of-mine life of a project. Companies must also post additional financial security to deal with potential remediation issues.

Land Reclamation Framework - Environment and Sustainable Resource Development, in collaboration with Alberta Energy and the Alberta Energy Regulator, continues development of a Land Reclamation Framework that will provide strategic direction for restoration of land previously used for industrial purposes. The framework will address current issues in reclamation, regulatory gaps and abandoned infrastructure, as well as provide an implementation plan for future activities. While Alberta has some of the country's leading technical and regulatory guidance on reclamation, the issues associated with reclamation require overarching direction and alignment with natural resource management and land use planning initiatives.

An external engagement process with stakeholders and Aboriginal communities is anticipated next fiscal year in support of framework development. The input from the engagement process and priorities identified will also inform the upcoming *Conservation and Reclamation Regulation* review.

Alberta Forest Strategy - The strategy is in development and describes the Government of Alberta's stewardship, economic prosperity and social responsibility commitment to Alberta's crown owned forested lands. The intent is to provide clear direction to guide the actions of forest users and ensure the future well-being of communities dependent on forests. The strategy builds on the regional planning processes in the *Land-use Framework* and the Integrated Resource Management System. It also supports strategic policy frameworks including *Alberta's 2008 Climate Change Strategy*, *Water for Life Strategy*, *Alberta Wetland Policy*, and *Clearing the Air: Alberta's Renewed Clean Air Strategy*.

In the past year a number of initiatives supporting Alberta's forests were delivered including:

- **Forest Management Agreements** - There are 20 Forest Management Agreements in Alberta. These agreements are negotiated between government and industry with companies maintaining responsibility for forest management planning and reforestation. Agreements have a 20 year term and can be renewed every 10 years.

  Two Forest Management Agreements were renewed in 2014: Canadian Forest Products and Spray Lake Sawmills.

- **Forest Health Program** - The Forest Health program strives to lead Canada in proactive, adaptive and innovative management of agents which could damage forest health.

  Under the Forest Health Program, Environment and Sustainable Resource Development actively monitors and manages crown land for prohibited noxious weeds and other invasive species. During the last year, the department mapped approximately 71,000 hectares of eastern spruce budworm defoliation which is approximately double the area of defoliation recorded the previous year. Aspen defoliation was recorded over approximately 3.5 million hectares in the summer of 2014, most caused by forest tent caterpillar. The aspen defoliation is approximately half of the defoliated area recorded in 2013.

  The red ring blight of pine was confirmed on high value pines growing at the Alberta Tree Improvement and Seed Centre, as well as the Calling Lake provenance trail. To manage the damage caused by this agent the infected trees located in a high-valued clone bank were sprayed with fungicide.

  Under a cooperative program with the Canadian Food Inspection Agency, a single European gypsy moth was caught in a pheromone trap deployed south of Fort McMurray. This invasive forest pest is not currently established in Alberta and intensive monitoring of the area surrounding the trap location will be conducted for the next two years.

- **Mountain Pine Beetle** - Mountain pine beetle poses a serious threat to Alberta's forest resources. Left unmanaged, they could devastate Alberta's pine forests and spread eastward across Canada's boreal region.

  The department allocated $40 million of in-year funding to survey and control activities of mountain pine beetle infestations, as well as rehabilitation for beetle-killed areas. There were 29 survey and control contracts and three quality inspection contracts for the 2013-14 beetle season in the Peace and Upper Athabasca regions. There were approximately 16,300 sites surveyed and more than 128,000 beetle infested trees controlled.

  In the 2014-15 fiscal year Saskatchewan contributed $1.1 million towards the detection, survey and control of mountain pine beetle on the eastern edge of the infestation in Alberta.

  While the beetle continues to threaten pine forests, a number of rehabilitation efforts are underway to manage impacts. For example, Environment and Sustainable Resource Development has increased seed collection to enhance reforestation in areas hardest hit by the beetle. Through various mountain pine beetle initiatives over 1,000 kg of pine seed were collected in 2014. Based on approximately 250,000 seeds per kg, this provides enough seed to produce over 88 million seedlings and enable planting of over 58,000 hectares of land. In addition, approximately 400 townships of aerial photography have been acquired and analyzed to quantify beetle impacts in the heaviest hit areas of the province. This information along with that collected in a new sample plot network to assess regeneration in beetle-killed stands will help to prioritize areas in need of rehabilitation.

Forest Management Operations - The monitoring of forest harvesting activities is a cornerstone of forest management within Alberta. Since 1930 the Alberta Government has monitored forest industry activities by conducting timber inspections of harvested areas. The Forest Operations Monitoring Program is the department's approach to monitoring active timber harvesting and reforestation operations for compliance with legislation and approved forest management plans. In May 2009, this program was certified to the International Organization for Standardization 9001:2008 quality management standard and has been successfully recertified in 2012 and 2015. Currently, Alberta is the only province to have such a monitoring program registered under the 9001 standard. The program utilizes a risk-based sampling protocol that focuses on areas of interest and ensures efficient uses of resources while providing a consistent delivery and ensuring compliance. Since the inception of the program the department averages 2000 inspections per year.

Integrating Forest Science into Forest Policy - Work continues to develop new, more efficient ways to ensure forest sustainability while delivering core services to Albertans in a cost effective manner. This included Forest Management Branch specialists working closely in 2014-15 with universities and other leading research institutions to investigate forest sustainability issues and questions important to Albertans. Research results inform Alberta's forest policies and help fulfil the departments' goals of enhancing forest stewardship, forest industry competitiveness, and Government of Alberta cost effectiveness.

Alberta is a national leader in the development of innovative solutions for managing our natural resources. For example, a remote sensing method that examines the surface of the earth using airborne light detection and ranging radar was used to survey some 33 million hectares of primarily crown owned land in northern Alberta. Vegetation metrics derived from these data provide information on the quality and quantity of forest resources in a high resolution, spatially explicit manner. Government continues to oversee the highly successful wet areas mapping initiative, which provided approximately two million hectares of forested lands mapped in 2014. Specialists participate in a number of large-scale projects that are investigating the impacts of a variety of natural and human-caused disturbances on the function and integrity of forested ecosystems. The results of these and other projects will help to further refine Alberta's forest policy and ultimately help ensure the sustainability of the province's forests.

Fish Conservation and Management Strategy - Work continues through the *Fish Conservation and Management Strategy for Alberta* to ensure Alberta's fish benefit present and future Albertans by guiding responsible and sustainable fish use and conservation.

The strategy describes fisheries management decision-making and details on the roles of government agencies, public, aboriginals, and industry sectors in collaborating on fisheries management.

It includes information about innovative management approaches including new methods for reporting the status of fish populations (Fish Sustainability Index and Index of Native Fish Integrity) and framework for consultation and objective-setting.

Commercial Fisheries - On August 1, 2014, all lakes in Alberta were closed to commercial fishing. A provincial assessment and extensive third-party review were completed to assess the long-term viability of Alberta's commercial fishery and determined that Alberta's commercial fishery is no longer viable.

Closing the commercial fishery is an important step in protecting the long-term sustainability of Alberta's fishery. The closure will help to ensure we can meet the increasing pressure and demands placed on the province's limited number of lakes.

Federal Regulatory Reform - Environment and Sustainable Resource Development continued work to understand the implications to Alberta from changes in federal regulations. Definitions and criteria to evaluate options for provincial use of federal regulatory tools such as Equivalency Agreements (eliminate duplication of environmental regulations) are being drafted.

Alberta and the Northwest Territories sign historic transboundary water management agreement.

On March 18, 2015 Alberta and the Northwest Territories signed the Mackenzie River Basin Bilateral Water Management Agreement. This milestone required significant effort by many Government of Alberta staff, led by the Trans boundary Secretariat of Environment and Sustainable Resource Development.

This agreement is a first for Alberta within the Mackenzie River basin and the first Bilateral Water Management Agreement resulting from a recent multi-lateral effort involving the Yukon Territories, Northwest Territories, Saskatchewan, Alberta, and British Columbia, aided by a neutral facilitator.

The recent approach in the Mackenzie River basin placed an emphasis on the aquatic ecosystem in addition to the typical focus on water quantity and quality. Prior to drafting the agreement municipalities, industry, Aboriginal groups and a number of Government of Alberta ministries were consulted to ensure interests concerning water use and Alberta's aquatic ecosystem were gathered and understood.

The agreement adds to Alberta's existing commitments to its downstream neighbours in Saskatchewan and Manitoba under the joint 1969 Master Agreement on Apportionment.

Alberta is also part of an interdependent commitment between Canada and the U.S. regarding the waters of the St. Mary and Milk Rivers under the Boundary Waters Treaty of 1909.

These transboundary water agreements are long-term commitments designed to resolve issues in a cooperative and harmonious way. There have been 46 years of water sharing and cooperation since the 1969 Master Agreement on Apportionment and over 100 years since the 1909 Boundary Water Treaty.

The Alberta Government is working to develop a strong level of cooperation for Alberta's northern waters. In the Mackenzie River basin, the Alberta - Northwest Territories bilateral water management agreement is the first of three planned bilateral water management agreements between Alberta and adjacent jurisdictions. In the coming year Alberta will seek similar commitments to cooperate with Saskatchewan and British Columbia, embarking on the next set of learnings and long-term relationships on transboundary water management.

Goal 2 Performance Measures

The following performance measures and indicators demonstrate progress towards achievement of Goal Two.

2.a Sustainable Timber Harvest

Measures annual allowable cut and harvest in million cubic metres

Target

Harvest does not exceed annual allowable cut

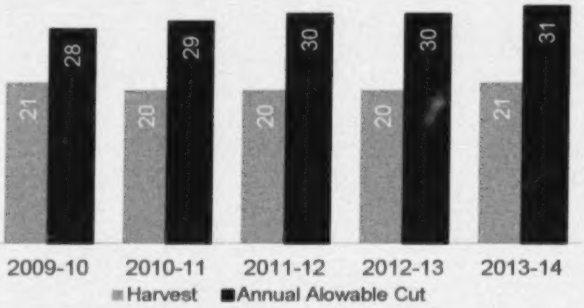
Results Analysis

The 2013-14 results indicate the actual timber harvest (21 million cubic metres) was 10 million cubic metres below the approved annual allowable cut (31 million cubic metres) meeting the target. Compared to the 2012-13 results both the harvest and cut levels increased by one million cubic metres, leaving the gap unchanged from the previous year.

Fluctuations in total harvest volume from year to year reflect trends in lumber and pulp markets. Since 2009-10, the provincial annual allowable cut has ranged from 28 to 31 million cubic metres, while the actual harvest has ranged from 20 to 21 million cubic metres during the same time period. The gap between the allowable harvest and cut has increased from 7 to 10 million cubic metres. Alberta is also preventing further spread of the mountain pine beetle in the boreal forest by targeting harvest towards forest stands susceptible to the beetle. It is hoped that this will minimize the potential for commodity loss to the forestry industry.

Figure 12

Annual allowable cut (million cubic metres)
Harvest (million cubic metres)



Goal 2 Performance Indicators

2.1 Sustainable Forests

Percentage of forest regrowth attained

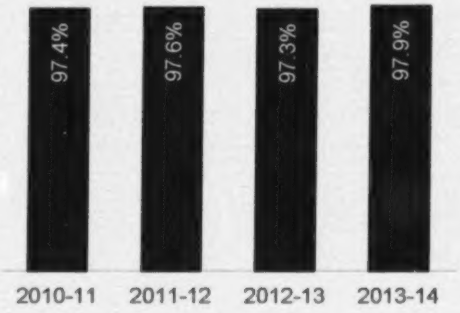
Results Analysis

Measures the rate of forest regrowth following timber harvest to help ensure sustainability of our forestry resources. Alberta's forests are continually changing through both natural processes and industrial activities. Reforestation is required by law and a critical component to forest sustainability following industrial harvesting. Adherence to Alberta's regeneration standards assures the continued flow of economic, social and environmental values that Albertans can expect from their forests.

Forest regrowth rates have remained high due to effective silvicultural practices used in reforesting harvested areas. Natural forests exist within a wide range of variable

Figure 13

(Sustainable Forests: Rate of Regrowth Percentage of forest regrowth attained)



conditions that are affected by weather, fire, disease, and pests.

Actions such as prompt reforestation activities following harvesting and better early seedling growth resulting from more appropriate site preparation, enhances early seedling establishment and growth. Additionally, conservative re-growth rate targets have historically been assumed given poor young forest forecasting techniques. Successful forest management and selection and application reforestation techniques have resulted in vigorously regenerating young forests.

Goal 3

Economic and social benefits.

Sustainable development of our natural resources, product diversification, and expanded market access support a healthy economy for the benefit of Albertans and global communities. The ministry regulates and collects revenue from the sustainable development of natural resources. Revenue from timber royalties, hunting and fishing licences, grazing leases, public land dispositions, water leases, remediation, reclamation, and sand and gravel support valuable services for Albertans. The ministry also supports trade relationships and natural resource product diversification through policy, education, and advocacy work. Development, diversification, and the use of natural resources and associated products by industry, citizens, and domestic and global communities provide diversified revenue streams and employment for the province. Social and recreational opportunities are also supported by sustainable natural resources and a healthy environment. The ministry issues hunting and fishing licences that provide access to natural resources for the benefit of Albertans and visitors.

The following stories describe priority and mandated initiatives the ministry delivered in the past year and selected performance measures and indicators which demonstrate progress towards achievement of Goal Three.

Market Access - For Alberta's economy to grow investors need to understand Alberta is a province that protects the environment while supporting sustainable development of its natural resources. There is also an opportunity for Alberta to learn from other jurisdictions and consider their expertise in our policy and planning approaches. This was demonstrated through a ministerial mission to the Netherlands in June 2014 to discuss initiatives pertaining to flood mitigation, drought resilience and green energy. Another ministerial mission to Lima, Peru in December 2014 for the annual United Nations Framework Convention on Climate Change, Conference of the Parties 20 meeting, provided opportunities to engage with global environmental leaders. In addition to these ministerial missions, department staff met with a number of delegations from within Canada and internationally to promote Alberta's environmental record and vision of a progressive and environmentally-conscious province. Examples include sharing policy expertise in areas such as carbon offsets, hydraulic fracturing, and safe drinking water.

Advancing Alberta Forest Products Roadmap - In 2014 the Alberta Forest Products Association (AFPA) indicated the Forest Road Map required changes to achieve its desired intent. As a result the government has been working with AFPA and non-AFPA members to determine how to proceed with the roadmap.

The Alberta parks system provides opportunities for outdoor recreation and tourism and appreciation of Alberta's natural heritage.

(Goal Two from former Ministry of Tourism, Parks and Recreation 2014-17 Business Plan)

Alberta's parks inspire people to discover, value, protect, and enjoy nature and the benefits it provides for current and future generations. The ministry conserves 476 land bases across the province (27,700 square kilometres) that also support the *Active Alberta Policy* by offering a wide range of outdoor recreation opportunities. Working with other government ministries, partners and key stakeholders, the ministry supports responsible land management that balances recreation, conservation and industrial development. We serve people through parks by planning, building and maintaining parks infrastructure and operating facilities; ensuring public safety and security; conducting scientific research; providing environmental education; and managing permits, leases, consultation and policy.

The following stories describe priority and mandated initiatives the ministry delivered in the past year and selected performance measures and indicators which demonstrate progress towards achievement of Goal Three and Goal Two form the former Ministry of Tourism, Parks and Recreation 2014-17 Business Plan.

Enabling Albertans to Connect with Nature through Parks - In 2014, Alberta was co-chair of the Canadian Parks Council, which provides a Canada-wide forum for information sharing and collaborative action on parks and protected areas. A Minsters' meeting was held in Toronto in February and a meeting of the Deputy Ministers of the Canadian Parks Council was held in Kananaskis in June. A major report called *Connecting Canadians to Nature* was released by the council; it describes the need for and opportunities to help Canadians experience nature.

A priority of the *Plan for Parks* is to implement a province-wide inclusion plan to enhance visitor experiences. *Everyone Belongs Outside: Alberta Parks Inclusion Plan* was released in July 2014. It looks at ways to help people with physical or mental disabilities, as well as seniors, youth and new Canadians, connect with nature through camping, hiking or other experiences. Initiatives undertaken include the following:

- Alberta Parks worked with stakeholders and volunteers to successfully create a "Parks Explorer". A one-of-a-kind vehicle that allows people with limited mobility to maneuver on rougher terrain.
- Miquelon Lake Provincial Park has TrailRiders available, trail bikes designed for users with low mobility.
- In summer 2014, Alberta Parks staff hosted 32 ethno-cultural community leaders (from the Filipino, Chinese, Cameroon, and Columbian communities) on an Ambassador Learning tour to Kananaskis Country. In winter, Alberta Parks hosted 18 ethno-cultural community leaders for outdoor winter activities at the Canmore Nordic Centre.
- In summer 2014, Edmonton Catholic Social Services and Alberta Parks hosted 150 New Canadian participants at Strathcona Science Park where they were introduced to a demonstration campsite and outdoor games.
- In July 2014, a group of new Canadians and Edmontonians living in low income housing went to Miquelon Lake Provincial Park for an overnight camping experience.
- Sir Winston Churchill Provincial Park successfully offered Park Nature Nights for Newcomers weekly events in summer, as well as a Learn-to-Camp event. The park also offered Fun in the Snow for Newcomers on the Family Day weekend.
- In February 2015, more than 50 youth from New Canadian communities gathered at Fish Creek Environmental Learning Centre in Calgary with representatives from Alberta Parks, three ethno-cultural community organizations, Boys and Girls Clubs, Young Men's Christian Association, Scouts

Canada, and Youth Central. The full-day forum focused on developing action learning projects to further engage with nature, particularly within an urban landscape.

A report called *Healthy Outside-Healthy Inside: the human health and well-being benefits of Alberta's protected areas* was released in January 2015. The report details the results of a study examining perceived health and well-being motives and benefits among visitors to Alberta's protected areas. The report, which provides insight into supporting a benefits-based management agenda, is available through the Canadian Council on Ecological Areas (CCEA) website. Alberta Parks is a member of CCEA and largely funded the research.

Alberta Parks provided environmental education and outreach programs to students at 19 locations, as well as Parks in the Classroom programs and videoconferencing. Public interpretive programs and tours were offered in many parks too. Almost 400,000 people participated from October 2013 to September 2014.

More than 200 events were held in Alberta Parks in 2014, from Parks Day to Snow Day, from Spring Bird Counts to amphitheatre shows. We host major events like the Canadian Birkebeiner Ski Festival held annually at Cooking Lake-Blackfoot Provincial Recreation Area, east of Edmonton. Canmore Nordic Centre Provincial Parks hosts events year-round – regional, national and international sporting events, for both recreational and professional athletes.

In 2014, Alberta Parks introduced a "Stay for 3, Pay for 2 Nights" midweek promotion for regular campsites in select provincial campgrounds. The promotion encourages new campers to stay at campgrounds and rewards loyal customers.

Provincial Recreation Trails Pilot Project - The Alberta Recreation Trails Partnership was announced in 2014 as a stakeholder-led initiative that will directly contribute to the planning, development, operation and marketing of recreational trails in the province. The partnership came under Alberta Parks in late 2014 and continues to be a priority mandate for the department.

The guiding committee has worked together over a short period to create a program for administering pilot projects, including setting objectives for the program and developing processes for project application, selection and evaluation.

The first phase of the projects selected by the committee is primarily focused on physical upgrades to existing trails. The full $500,000 of pilot funding was allocated to 14 projects that include motorized, non-motorized and mixed-use trails across the province.

Alberta Parks Flood Restoration - As of March 31, 2015, 146 of 286 restoration projects including a total of 28 of 100 trail projects in the Kananaskis and South Regions of Alberta Parks were completed.

Our focus for the 2015 construction season is on mitigation projects along waterways (Bow River, Evan-Thomas Creek, Kananaskis River, King Creek, Ribbon Creek), as well as trails and trail bridges. Flood recovery planning in areas such as the Elbow Valley will also continue

Parks Regional Planning - With the release of the South Saskatchewan Regional Plan, approximately 136,000 hectares of land for conservation and some 1,500 hectares to expand recreational areas were identified for the provincial parks system to help meet biodiversity and outdoor recreation outcomes. As part of the parks network, the South Saskatchewan Regional Plan identifies three new and four expansions to Wildland Provincial Parks, one new Heritage Rangeland, five Provincial Park expansions, one Provincial Recreation Area expansion and two new Provincial Recreation Areas.

The department will also be moving forward with the creation of the Pekisko Heritage Rangeland which will double the legislative protection of this Foothills Parkland Subregion area while continuing managed grazing to maintain healthy grasslands habitat.

Work is under way in the development of Regional Parks Plans for the Lower Athabasca and South Saskatchewan Regional Plans and the formal establishment of identified new and expanded parks through the Order in Council process to support regional plan implementation.

Donation of Lands becomes Antelope Hill Provincial Park

In late 2014 Alberta Parks announced the donation of approximately 380 hectares of undisturbed native grasslands. It was established as Antelope Hill Provincial Park in March 2015. The park is located in east-central Alberta, north of Hanna.

The land was generously donated to the people of Alberta by Mr. Gottlob Schmidt. It is a valuable ecological addition to the provincial parks systems as the land has never been cultivated and represents a near pristine native grassland community. As part of the donation agreement, Mr. Schmidt will continue to live on the property as long as he wishes. Once developed, the park will be day use only. When the park opens, recreation opportunities will focus on low-impact, nature appreciation activities enabling visitors to enjoy the beauty of the park while protecting the park's plant and animal communities.

The new park protects healthy native northern fescue grasslands. The rolling hills in the park contain rugged hummocky moraine, sandy plains, aspen groves and several mineral wetlands. Some of the park is designated as an Environmentally Significant Area, and is home to a variety of wildlife, including moose, deer (whitetailed and mule) and the thirteen-lined ground squirrel.

The donation of the lands for Antelope Hill Provincial Park represents a significant addition to the Alberta Parks system, and the Province of Alberta sincerely thanks Mr. Schmidt for his donation.

New for Alberta Parks in 2015

Alberta Parks has a diverse range of facilities including campgrounds, day use areas, group use areas, trails and visitor centres. Every year, we work to upgrade, restore and expand park infrastructure throughout the province through the Parks Capital Plan and Parks Capital Maintenance and Renewal Program. In 2014-15 this included:

- Addition of 12 comfort camping units at 3 sites. See AlbertaParks.ca for more information on comfort camping.
- Expansion and upgrading sites at:
    - Kehiwin Lake Provincial Recreation Area (near Bonnyville), Medicine Lake Provincial Recreation Area (north of Rocky Mountain House), Pierre Grey's Lakes Provincial Park (near Grande Cache), William A. Switzer Provincial Park (near Hinton), Gregoire Lake Provincial Park (near Fort McMurray), Cold Lake Provincial Park (outside the city of Cold Lake), and Whitney Lakes Provincial Park (near Elk Point).
- Other significant improvements and initiatives including:
    - Campground upgrades at Vermilion, Medicine Lake, William A. Switzer, Crimson Lake, Kinbrook Island, Cypress Hills, Gregoire Lake and Crow Lake provincial parks,
    - New powered sites are available at Crimson Lake Provincial Park (outside Rocky Mountain House).
    - Water and sewer system upgrades at Aspen Beach, Miquelon Lake, Beauvais Lake, Dinosaur and Winagami Lake provincial parks,
    - Building refurbishment at Sikome Aquatic Facility in Fish Creek Provincial Park,
    - Entrance building replacement at Little Bow Provincial Park,
    - Toilet upgrades at Moose Lake, Chain Lake and Lesser Slave Lake provincial parks,
    - Day use upgrades to Vermilion, Lois Hole, Wabamun Lake, Kinbrook Island, Cypress Hills and Young's Point provincial parks, and Otter-Orloff Wildland Provincial Park,
    - Electrification of campsites at various parks, including Moonshine Lake, William A. Switzer, Pigeon Lake, Cold Lake and Jarvis Bay provincial parks, and
    - Access and parking upgrades to Rock Lake, Notikewin, Gregoire Lake and Pigeon Lake provincial parks.
- Modest fee increases were approved in February 2015 to ensure campers at Alberta's provincial parks continue to enjoy safe and well-maintained sites. The regular campsite fee increased by $3 per night, to a range of $5-$26 per night, depending on location. An additional fee of $1 per night was applied to power sites. The increase in fees will be reinvested in Alberta's provincial campgrounds. Unlike some other provincial jurisdictions, Alberta does not charge a gate or entry fee.
- Almost 600,000 camping reservations have been made since Reserve.AlbertaParks.ca launched in 2009. In 2014, 421 additional campsites were added bringing the total to 7,543 individual campsites at 69 campgrounds plus comfort camping and group camping areas available for online booking.
- Overall, AlbertaParks.ca received 2.75 million visits in 2014 (10 million page views). The most popular pages were "Find A Park", Trail Reports, and the online camping reservation vacancy calendar. New sections that were added to the website in 2014 include:
    - A revamped Kananaskis Country Backcountry Camping, including an online vacancy calendar and permit request system was launched,
    - A Flood Volunteering Tool was developed to connect potential volunteers with flood recovery opportunities.

Goal 3 Performance Measures

The following performance measures and indicators demonstrate progress towards achievement of Goal Three.

3.a Sustainable Economic Prosperity from Public Lands

Measures the ratio of Alberta Government resource revenue to department expenditure on managing public lands

Target

>$100:$1

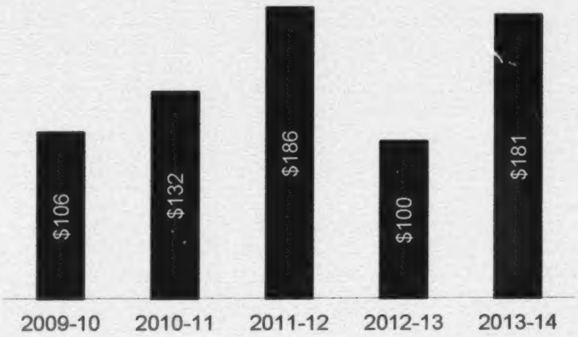
Results Analysis

Albertans own valuable oil and gas, forestry, and agricultural resources which make economic contributions to our province in the form of taxes, royalties, jobs, and investment. The true economic benefits achieved through our resource revenues are complex and difficult to measure.

The economic benefit performance measure was created to illustrate at a basic level the fiscal benefit Albertans receive through the management of public lands. The measure is expressed by means of a ratio of department expenditure on managing public lands in relation to royalty revenues generated in Alberta.

Figure 14

Ratio of Alberta Government resource revenue to department expenditure on managing public lands (e.g., 2013-14: $181:$1).



In 2013-14 every dollar the department spent on managing public lands generated a royalty return of $181 to the Government of Alberta. In comparison to the previous year, the Government of Alberta spent less on the management of public lands while resource revenues increased.

Factors including shifting resource prices, provincial population growth, the global economy, and changing public priorities impact Alberta's revenues resulting in economic fluctuations. Despite trends of fiscal challenges, this measure continues to reflect the positive economic impact from the management of public lands.

3.b Opportunities for Economic, Social and Recreational Development

Measures the percentage change in fishing and hunting licenses in the province.

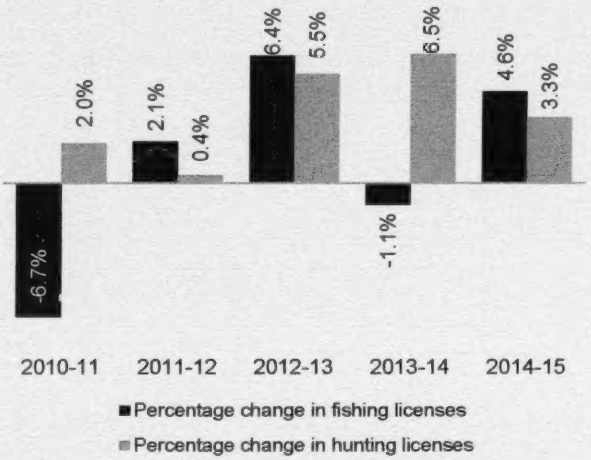
Target

Fishing licence target: 1.9%
Hunting licence target: 2.9%

(≥Rolling average of last five years results)

Figure 15

Opportunities for Economic, Social and Recreational Development
(percentage change in fishing and hunting licenses)



Results Analysis

Hunting and fishing activity vary from year to year and are strongly influenced by annual weather conditions. Good and poor seasonal weather fluctuations are correlated with increases and decreases in hunting and angling activity. In 2014-15 the percentage change in fishing licenses was reported as 4.6% along with the percentage change of hunting licenses which showed a positive increase of 3.3% per cent (note that the 2014-15 figures are calculated using estimated numbers).

When considering the historical five year trends both hunting and fishing populations show a steady increase over time. With provincial population growth in Alberta is on the rise it means greater demand on our land and resources. Albertans and government have an important role to play ensuring wildlife resources are managed responsibly. The ministry's goal is to ensure Albertans continue to enjoy a wide variety of recreational hunting and fishing opportunities long into the future. Proper stewardship will ensure Albertans and future generations will enjoy outdoor recreational benefits. The contributions from hunters and anglers as stewards of our wildlife habitat and resource are critical to our success. Effective management will make sure that hunting and angling remain sustainable and contribute to our culture and economy for many years.

Goal 2 Performance Measure

*2.a Percentage of adult Albertans who visited a provincial park or recreation area in the last 12 months (*Not including any visits to neighbourhood, city, regional or national parks).

Target

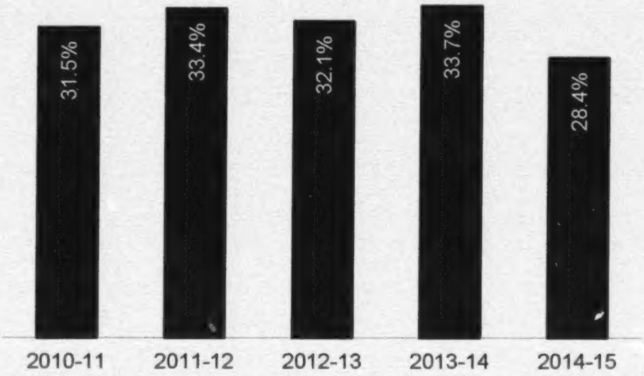
33.0%

Results Analysis

This performance measure pertains to goal two from the former Ministry of Tourism, Parks and Recreation 2014-17 Business Plan: Alberta parks system provides opportunities for outdoor recreation and tourism and appreciation of Alberta's natural heritage. The Parks portfolio was transferred to Environment and Sustainable Resource Development in October of 2014 and this measure was incorporated into Environment and Sustainable Resource Developments' goal three: economic and social benefit.

Figure 16

Percentage of Albertans who visited a provincial park or recreation area



Parks foster sustainable, nature-based experiences for Albertans and visitors that contribute to the economic and social fabric of Alberta. The annual Survey of Albertans identified that 28.4 per cent of Albertans visited a provincial park or recreational area last year. This result was 4.6 per cent lower than the 2014-15 target of 33.0 per cent. Results indicate that somewhat less than one-third of adult Albertans visit a provincial park annually. While the proportion of Albertans visiting provincial parks has remained broadly stable over the last five years, the overall number of visits has increased. This can be determined by looking at the province's population growth year over year. Using the latest population estimates for Alberta from 2009-10 to 2013-14, we see that the adult population has increased by approximately 290,000 people. With about one third of adult Albertans visiting parks at least once, the actual number of visitors would have increased by approximately 96,000 during this period or about 24,000 visitors each year.

Results for this measure are influenced by changing population characteristics, economic conditions, weather, public awareness of facilities and services, and frequency of visits. Other results from the Survey of Albertans illustrate these attributes. In 2014-15, the majority of adult Albertans indicated that provincial parks had good facilities and services (82.2 per cent), are safe and secure (82.6 per cent), are well managed and maintained (82.3 per cent), provided a full range of activities for the family (76.6 per cent) and were good value for their holiday dollars (79.0 per cent). About 71.6 per cent of respondents indicated they would like to visit a provincial park in the next 12 months. The number of visitors to provincial parks is anticipated to grow as Alberta's population increases. The ministry continues to work with Albertans, industry, and communities to responsibly care for and manage Alberta's parks and encourages Albertans to get outdoors, connect with nature and explore provincial parks.

GOAL 4

Protected public and environment

To assure public safety the ministry regulates drinking water facilities that require an approval or registration under the *Environmental Protection and Enhancement Act*. The ministry also addresses the safety of the public and environmental and economic impacts from wildfires and environmental emergencies through prevention and intervention measures. The ministry provides support through education, training, planning, forecasting, assessment, coordination, management of water infrastructure, and response to wildfire and environmental emergencies. Recent examples include the ministry assistance with the flood recovery and mitigation support through management of water operations infrastructure (dams, canals), flood erosion control programming and enhanced flood monitoring programs. Also collaborative efforts by industry, communities, and citizens to prevent, prepare for, respond to and recover from environmental emergencies and wildfires are essential to assure public protection and environment protection and resiliency.

The following stories describe priority and mandated initiatives the ministry delivered in the past year and selected performance measures and indicators which demonstrate progress towards achievement of Goal Four.

2013 Flood Response (flood resilience and mitigation) - A number of flood mitigation programs were announced by the Government of Alberta in 2014 including:

- Exploring options to increase the capacity of the Highwood River through High River.
- Development of the Springbank Off-stream Reservoir, identified as the priority flood mitigation infrastructure project for the Elbow River. This reservoir will provide effective flood protection for the City of Calgary, while minimizing impacts on communities and infrastructure downstream. Work is occurring on engineering and design, stakeholder engagement, and an environmental impact assessment.

Provincial Flood Damage Assessment Study - The study has been completed and provides updated flood damage curves. It also provides a tool to analyze flood mitigation measures to determine which measure, or combination of measures, provides the best benefit for the cost.

Flood Recovery Erosion Control - The Flood Recovery Erosion Control Program provides funding to address immediate repairs and includes long-term community mitigation projects. The Government of Alberta continues to work with flood-affected municipalities to determine priorities for erosion control work and funding.

Alberta Community Resilience Program - This province-wide capital funding program develops long-term community resilience to flood and drought events. Responding to these challenges today is critical to maintaining resilient and vibrant communities in Alberta, while supporting our critical watershed systems. The Alberta Community Resilience Program will support municipalities to develop proactive resilience planning goals for the future, and provide the means to manage the issues that present the greatest risk to critical infrastructure and public safety.

The program is directed at rural and urban municipalities, First Nations, Metis Settlements, Improvement Districts, and Special Areas. Eligible projects under the program will include works that enhance or enable the protection of critical infrastructure, mitigate public safety hazards, or do both. The program has a budget allocation of $500 million over the next 10 years beginning in 2015-16.

Watershed Resiliency and Restoration Program - Aims to improve natural watershed functions in order to build greater long-term resiliency to droughts and floods through:

- conservation;
- education and stewardship;
- research and data; and
- restoration and enhancement

The primary objective of the program is to increase the natural ability of the province's watersheds to reduce the intensity, magnitude, duration and effects of flooding and drought through watershed mitigation measures. The program aims to address impacts of past flooding and/or droughts through the restoration of degraded priority areas of watersheds. This will enhance communities' ability to withstand future flooding or droughts. The program seeks to promote the ongoing stewardship and preservation of key components of Alberta's watersheds.

The Watershed Resiliency and Restoration Program offers $15 million in grant funding for flood and drought mitigation projects that restore and conserve healthy, naturally-functioning watersheds. The program is moving forward with 12 projects that include restoration and enhancement of more than 500 hectares of wetlands and about 36 kilometres of riparian areas. They also include implementation of riparian best management practices, changes to dam operations to support riparian regeneration and new concepts to encourage wetland conservation and restoration. Grant recipients include environmental organizations and municipalities.

Backcountry Trails Flood Rehabilitation Program - The Alberta Government assessed 5,358 km of trails for flood damage and 44 trails and associated infrastructure were rehabilitated on Public Lands along the flood affected eastern slopes in 2014. Over 220 projects were identified in the flood damage inventory which will be rehabilitated in 2015-16 and 2016-17 fiscal years.

Work also continues on campground and trail restoration in Kananaskis Country. Nine trail projects have been completed, 23 are in the process of being restored and 43 are planned for completion in the next two years.

Southern Alberta Fisheries Habitat Enhancement and Sustainability Program (FISHES) - The Alberta Government is determining areas where fish and fish habitat were impacted by the 2013 floods and associated flood mitigation works and assessing projects for fish habitat restoration.

Flood Mapping - Eleven flood hazard mapping studies have been completed and are in the process of community engagement, finalization and implementation.

More than 70 per cent of Alberta's populated areas have completed studies and maps which are used by municipalities for long term planning. The government has invested a total of $8.7 million in a multi-year project to complete flood hazard studies to ensure municipalities continue to receive valuable information for future planning.

Alberta Environmental Support and Emergency Response Team (ASERT) - 2014 was a year of transition as a number of ASERT staff moved to the Alberta Energy Regulator to add to the regulators existing Field Incident Response Support Team (FIRST). New staff are now in place for the response team from a number of different disciplines.

Call centres for Environment and Sustainable Resource Development and the Alberta Energy Regulator were consolidated in 2014 into one centre operated by Alberta Transportation. This allows for better coordination of public complaints and emergency calls, and streamlines services for the public and industry.

Environment and Sustainable Resource Development continues to be an active participant and strong supporter of the work to move Alberta's products safely and efficiently to markets and participates with Transportation in the Energy led Rail Transportation Team. ASERT helped frame the Alberta submission to the federal government on the *Canada Transportation Act* Review. The submission seeks to put more regulatory authority in the province's hands where Class 1 carriers (e.g., Canadian National Railway, Canadian Pacific Railway, etc.) are concerned and seeks higher levels of cooperation with rail companies in Alberta communities during emergencies/derailments.

ASERT led the collaborative re-write of the ministry's Flood Response Plan throughout the last half of 2014. This plan is grounded on the experiences of two major flood events in southern Alberta in 2013 and early summer 2014. The recent volume of flood experience has made for a highly relevant and widely communicated plan to warn Alberta communities and protect Albertans to the maximum extent possible.

The Alberta Emergency Management Agency conducted a Provincial Emergency Management Exercise on February 24-26, 2015 to test Alberta's public safety governance, validate some of the lessons learned from recent emergencies, and to engage emergency management officials at a variety of levels in their roles and responsibilities. Environment and Sustainable Resource Development was a strong participant along with 20 communities and numerous government agencies and private organizations.

ASERT coordinated emergency response to high profile incidents including flooding, a number of train derailments, industrial fires, downstream pipeline releases and tanker truck rollovers in 2014.

Update Modelling and Warning Systems - The department works to ensure that modelling and warning systems for events including wildfire, flood, and mountain stream erosion are up to date and leading edge.

To protect Albertans from the risks of wildfires, the department continues to provide financial and in-kind support towards development and enhancement of modelling systems that support wildfire management decisions.

The department also supported the use of the BlueSky model system which produces forecasts of the ground level concentration of fine particulate matter attributed to wildfire smoke. These forecasts are used by the department to mitigate impacts of smoke from prescribed burns. Additionally, the forecasts provide Alberta Health Services with information to inform the public of enhanced potential risk to their health.

The department supports use of the Emergency Air Monitoring and Assessment System, a web-based modelling software that is presently in use with ASERT and four major companies in the oil sands region of Alberta. The system is used for determining the direction and touchdown characteristics of aerial releases with the intent of protecting the public and minimizing ill effects to the environment.

Since the 2013 floods in Southern Alberta, the departments River Forecast Centre has enhanced its river forecast modelling capability and warning systems. The centre has worked in collaboration with Environment Canada to enable the input of detailed weather forecast model data into river forecast models, allowing the centre to more readily assess various rainfall scenarios which provides forecasts more quickly and with increased confidence.

Communications of the forecasts to the public and emergency managers has also been enhanced with the river basins app for mobile devices and the current re-development of the Alberta river basins website. Warning systems have also been improved with the addition of rainfall alarms installed on a number of gauges in the southern foothills and mountains to warn of rainfall intensities that exceed expected values. Thirteen mountain streams prone to flash flooding have had monitoring equipment upgrades which increases the rate of data transmission from every hour to almost instantly during a flood event.

Managing Wildfires - Implementing the 21 recommendations of the Flat Top Complex Wildfire Review Committee will enhance Alberta's efforts to protect Albertans and their communities at risk of wildfires.

In 2014-2015 $26 million was spent to continue implementation of initiatives that respond to the recommendations. Some of the key initiatives included:

- Enhanced wildfire suppression capacity and capability (e.g., increased numbers of firefighters and resources).
- Enhanced FireSmart initiatives for fire prone communities, including accelerated hazardous fuels reduction treatments.
- Development and enhancement of wildfire data management, planning and modeling systems.
- Enhanced support for wildfire science initiatives.

FireSmart

The personal, social, environmental and economic costs associated with large wildfire events are significant. The potential of large scale wildfires have increased due to extensive areas with high forest fuel build-up, residential and industrial developments in or adjacent to forested areas, longer fire seasons and more extreme weather conditions. To ensure Albertans and their communities receive the necessary level of protection and to minimize losses from wildfires, Environment and Sustainable Resource Development has a comprehensive FireSmart Program.

FireSmart considers actions taken to minimize the unwanted or negative effects of wildfire, while recognizing the important role wildfire plays in maintaining healthy forested and grassland landscapes. Alberta's FireSmart program is designed to advance the integration of fire, forest, and land management activities to create fire resilient landscapes and protect Albertans and their communities.

FireSmart is achieved through a variety of activities which focus on mitigation (reducing the threat) and preparedness (what to do in the event of a wildfire). A key component of FireSmart is working with municipal, industrial and community partners to implement FireSmart strategies in their respective jurisdictions.

In response to the 2012 *Flat Top Complex Wildfire Review Committee Final Report* the department has partnered with the Forest Resource Improvement Association of Alberta (FRIAA) to enhance FireSmart initiatives. The partnership also provides streamlined financial assistance to municipalities province-wide to support the increased adoption of community-based FireSmart programming in Alberta.

The FRIAA FireSmart program is an intergovernmental initiative where program delivery is achieved through an advisory committee that has representation from the Alberta Association of Municipal Districts and Counties, the Alberta Urban Municipalities Association, Environment and Sustainable Resource Development, the Forest Resource Improvement Association of Alberta, Municipal Affairs, and the Partners in Protection Association – FireSmart Canada. Since the inception of the FRIAA FireSmart Program, the department has allocated approximately $18.6 million to FRIAA for communities to implement FireSmart measures throughout the province.

Alberta is recognized both nationally and internationally for its FireSmart Program. Highlights from 2014-15 include:

- The allocation of over $830,000 for wildfire prevention and mitigation measures to 13 communities through the annual FireSmart Community Grant Program.
- Over 4,200 hectares of prescribed burning was accomplished in the past fiscal year.
- Over 500 hectares of hazardous fuels (vegetation) reduction projects were completed in and adjacent to Alberta communities.
- Continued support for the FRIAA FireSmart program.
- Continued FireSmart integration with oil and gas, utility and forest industry planning.
- The incorporation of FireSmart into *Land-use Framework* Regional Plans and the completion of the Lac La Biche Area Wildfire Management Plan.

Goal 4 Performance Measures

The following performance measures and indicators demonstrate progress towards achievement of Goal Four.

4.a Containment of Wildfires

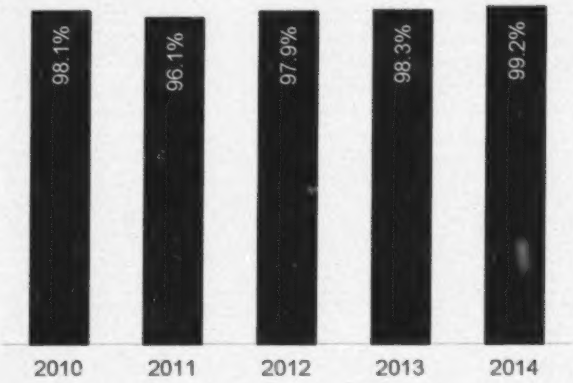
Percentage of wildfires contained before 10 a.m. the day following assessment

Target

97.8% (average of previous five years' results)

Figure 17

Containment of Wildfires
(percentage of wildfires contained before 10 a.m. the day following assessment from April 1 to October 31)



Results Analysis

The target for this measure has been stated as a five year rolling average to account for random environmental factors causing fluctuations in the measure that are outside the ministry's influence. The containment percentage in 2014 was 99.2 per cent, which was above the target of 97.8 per cent and within normal levels of variance. The result reported in 2013 was slightly lower at 98.3 per cent. Since 2011, the results have trended up. This performance measure is subject to variance due to a number of independent factors inside and outside the scope of human control. These factors include lightning strikes, amount and type of fuel, moisture levels, human causes, wind conditions, resources available for fighting fires and wildfire behaviour. Each fire season is characterized by unique conditions and related wildfire activity (numbers, size and intensities of wildfires) and impacts.

The 2014 fire season started one month early on March 1 and ended on October 31, 2014. Notable periods of fire activity were in May in the Rocky Mountain House Wildfire Management Area and in July in the Grande Prairie Wildfire Management Area.

A forest area closure was enacted in May as a result of the Spreading Creek wildfire in the Rocky Mountain House Wildfire Management Area. This multi-jurisdictional, lightning caused wildfire was managed to achieve prescribed burn objectives that were approved for the area. The Red Deer Creek Wildfire started in British Columbia and rapidly spread into the Grande Prairie Wildfire Management Area. Due to extreme wildfire activity in British Columbia, Alberta managed the wildfire in both provinces for a period of time in July and August.

Wildfire activity in Alberta was lower than normal for the remainder of the year. Consequently, through its mutual aid agreements, the department was able to export firefighters, airtankers and equipment to other jurisdictions in Canada (British Columbia, Northwest Territories) and the United States (Montana, Washington, Idaho, Alaska) to assist with wildfire suppression activity. In September and October, the department provided resources to the City of Calgary to help clear trees that fell as a result of an early snow. A total of approximately 2,810 person days of assistance was provided.

From April 1 to October 31, 2014, the department responded to over 1,400 wildfires that burned approximately 23,000 hectares. The number of wildfires during this period was below the five-year average of nearly 1,500; and the number of hectares burned was significantly lower than the five year average of around 230,000.

Goal 4 Performance Indicators

4.1 Drinking water Quality Indicator

The Drinking water quality indicator measures the percentage of Environment and Sustainable Resource Development regulated facilities that provide quality drinking water to Albertans without significant incident. Under the *Environmental Protection and Enhancement Act*, Environment and Sustainable Resource Development regulates waterworks facilities that provide drinking water to Albertans, including campgrounds and rural subdivisions that use surface water sources, as well as all waterworks in villages, towns, and cities.

Results Analysis

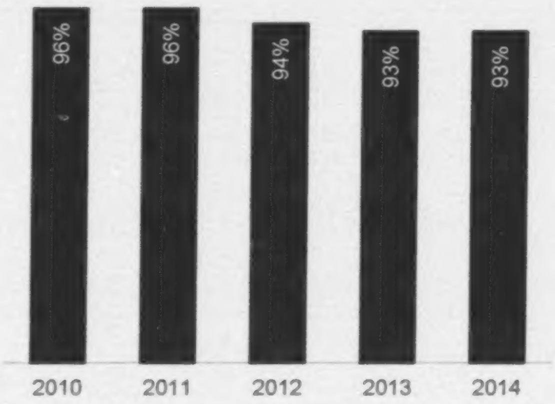
In 2014, 93 per cent of facilities operated without any significant drinking water quality incidents. Where significant incidents did occur, advisories were issued by Alberta Health Services, where necessary. Environment and Sustainable Resource Development staff assisted operators in addressing the problems until Alberta Health Services was satisfied the advisory could be lifted.

The results were the same as last year, and similar to the previous year results. Improvements can be made in two areas: events related to treatment plant upsets and post-treatment quality concerns that do not pose an immediate drinking water safety issue. The area for priority improvement is to reduce treatment plant upsets that result in immediate health concerns. Improvements that are related to improving long-term consumption concerns also need to be addressed over time to improve the results. This year, treatment plant upsets made up a smaller percentage of the area for improvement, while the long-term issues saw an increase. Long-term issues were typically related to disinfection by-product formation, which occur mainly within the distribution system. Continuous improvement in upgrading treatment processes within facilities as well as addressing operational challenges are two expected approaches that will continue to reduce treatment-related water-quality incidents. A focus on better controlling water-quality changes in the distribution system is another area being pursued by Environment and Sustainable Resource Development staff.

Figure 18

Drinking-water Quality Indicator

(percentage of facilities that did not have a drinking water quality incident)



Performance Measures and Indicators Data Sources and Methodology

Performance Measures

1.a Total Greenhouse Gas Emissions

As a signatory to the United Nations Framework Convention on Climate Change Canada is obligated to prepare and submit an annual national greenhouse gas inventory covering anthropogenic emissions by sources and removals by sinks. Environment Canada is responsible for preparing Canada's official national inventory with input from numerous experts and scientists across Canada. The National Inventory Report contains Canada's annual greenhouse gas emission estimates dating back to 1990. Environment and Sustainable Resource Development reports on Alberta's total emissions as reported in the National/Provincial/Territorial Tables. Canada's Inventory can be found at: /www.ec.gc.ca/ges-ghg/default.asp?lang=En&n.

The United Nations Framework Convention on Climate Change has adopted updated global warming potentials to normalize emissions of all greenhouse gases to a reference gas (carbon dioxide), and implemented several methodological changes. Environment Canada applied these changes in April of 2015 for the 2013 emission inventory. All the 2009-13 data has been updated to reflect the Intergovernmental Panel on Climate Change 2007 guidelines, and global warming potentials to normalize previously submitted data. The results for this performance measure are reported on a two year lag from Environment Canada.

Source: Environment Canada

1.b Municipal Solid Waste to Landfills

This measure indicates Alberta's progress towards reducing the amount of municipal solid waste disposed in municipal landfills, as measured in kilograms of waste per capita per year. Waste from the residential sector; the industrial, commercial and institutional sector; and the construction, renovation and demolition sector collected at municipal landfills is included in this measure. The calculation is based on the kilograms of municipal solid waste sent to landfill and the population served by each reporting landfill.

The information is collected from landfills with weigh scales and is voluntarily provided. The measure is calculated using the most up to date population statistics, either Municipal Affairs' official provincial population list or Statistics Canada's Census data. Approximately 86 per cent of Alberta's population has access to service provided by reporting landfills. Estimates are used for the remaining population and are derived by multiplying the per capita disposal rate with the unmeasured population. Historical result has been revised to correct an insignificant misstatement due to a formula error.

Source: Environment and Sustainable Resource Development

Performance Indicators

1.1 Air Quality Index

This measure indicates the number of good, fair, poor and very poor air quality days. Air quality is measured based on five major pollutants: carbon monoxide, nitrogen dioxide, ozone, sulphur dioxide and fine particulate matter - 2.5 microns in size ($PM_{2.5}$). Alberta's Air Quality Index is calculated based on a minimum of four and a maximum of five major air pollutants measured hourly at a total of 16 Alberta locations. The monitoring stations are situated in urban centres with consideration given to proximity to industrial and non-industrial sources. The measurements are converted to a standard scale known as the Air Quality Index (AQI), which is calculated for each pollutant every hour. In 2014, the AQI was calculated hourly at 14 continuous monitoring stations: four in Edmonton, two each in Calgary and Fort McMurray and one each in Cold Lake, Fort Saskatchewan, Grande Prairie, Lethbridge, Medicine Hat, and Red Deer. New monitoring stations in Calgary and Red Deer did not report data for sufficient portions of the year to be included in 2014 results.

The pollutants used to calculate the AQI are carbon monoxide, fine particulate matter ($PM_{2.5}$), nitrogen dioxide, ozone and sulphur dioxide. Measurements of at least four of the five pollutants must be available to calculate the AQI and $PM_{2.5}$ must be one of the pollutants. The pollutant that gives the highest AQI measure for each hour determines the AQI for that hour. The hourly AQI number is compared to AQI ranges that represent good (0-25), fair (26-50), poor (51-100) and very poor (>100) air quality. The total number of hours of good, fair, poor and very poor air quality are divided by the total number of hours with an AQI value for all stations in the year which meet the completeness criteria. These fractions are then multiplied by the number of days in the year to determine the number of days in each air quality range, rounded to a whole number. The number of days of good air quality is also expressed as a percentage of the days in the year, to give the final performance measure. These categories are derived using formulas based on Alberta's Ambient Air Quality Objectives.

In agreement with the National Air Pollution Surveillance Program, Environment and Sustainable Resource Development in conjunction with the Airsheds implemented a change in the $PM_{2.5}$ monitoring instrumentation (analyzers) whereby the sample is dried rather than heated to better account for the total $PM_{2.5}$ concentration. Using previous technology, when a sample was heated some $PM_{2.5}$ was volatilized (evaporated) and the concentration of $PM_{2.5}$ was under predicted. The 2010 through 2014 results reflect the data collected from the new monitoring technology.

2014 results are based on data from fourteen stations (includes Calgary Central, Calgary Northwest, Cold Lake South, Crescent Heights, Edmonton Central, Edmonton East, Edmonton South, Fort McMurray – Athabasca Valley, Fort McMurray – Patricia McInnes, Fort Saskatchewan, Henry Pirker, Lethbridge, Red Deer – Riverside, and Woodcroft, Calgary Southeast and Red Deer – Lancaster) which began permanent operation in 2014, but were not in operation for sufficient portions of the year to be included in 2014 results.

2013 results are based on data from twelve stations (includes Calgary Central, Calgary Northwest, Cold Lake South, Edmonton Central, Edmonton East, Edmonton South, Fort McMurray - Athabasca Valley, Fort McMurray - Patricia McInnes, Fort Saskatchewan, Henry Pirker, Lethbridge and Red Deer). Crescent Heights not included in 2013 due to insufficient data availability. Fort McMurray - Patricia McInnes was upgraded to the new monitoring technology and is now included.

2012 results are based on data from ten stations (includes Calgary Central, Calgary Northwest, Cold Lake South, Crescent Heights, Edmonton Central, Edmonton East, Fort McMurray - Athabasca Valley, Fort Saskatchewan, Henry Pirker and Red Deer). Edmonton South and Lethbridge not included in 2012 due to insufficient data availability. Fort McMurray - Athabasca Valley was upgraded to the new monitoring technology and is now included.

2011 results are based on data from eleven stations (includes Edmonton Central, Edmonton East, Edmonton South, Calgary Central, Calgary Northwest, Lethbridge, Fort Saskatchewan, Cold Lake South, Red Deer, Crescent Heights and Henry Pirker) which operate with the new $PM_{2.5}$ monitoring technology. Calgary East station was decommissioned in 2011 for relocation.

2010 results are based on data from ten stations (includes Edmonton Central, Edmonton East, Edmonton South, Calgary Central, Calgary East, Calgary Northwest, Lethbridge, Cold Lake South, Red Deer and Henry Pirker) which operate the new $PM_{2.5}$ Technology. Crescent Heights not included in 2010 due to insufficient data availability and Fort Saskatchewan not included in 2010 as it did not use the new $PM_{2.5}$ technology at that time.

Source: Alberta Environmental Monitoring, Evaluation and Reporting Agency, Parkland Airshed Management Zone, Calgary Region Airshed Zone, Fort Air Partnership, Peace Airshed Zone Association, Palliser Airshed Society, Wood Buffalo Environmental Association and, Lakeland Industry and Community Association.

1.2 River Water Quality Index

The River Water Quality measure is used to evaluate water quality in Alberta's major river systems with respect to four groups of variables – metals, bacteria, nutrients and pesticides during the fiscal year. Data from these four groups are combined to provide an indication of overall water quality. Environment and Sustainable Resource Development has chosen to report on river water quality rather than lake water quality because the effects of human activities are generally more diverse and easier to measure in rivers than in lakes. The measure can be used to show relative differences in water quality between rivers, between sites on the same river (e.g., upstream and downstream of developed areas) and over time. Such differences can highlight degradation or improvement that may have a human cause.

Measure Categories in relation to Water Quality Guidelines

Score	Description	Quality
96 – 100	Almost always met; best quality	Excellent
81 – 95	Occasionally exceeded, but usually by small amounts; threat to quality is minimal	Good
66 – 80	Sometimes exceeded by moderate amounts; quality occasionally departs from desirable levels	Fair
46 – 65	Often exceeded, sometimes by large amounts; quality is threatened, often departing from desirable levels	Marginal
0 – 45	Almost always exceeded by large amounts; quality is significantly impaired and is well below desirable levels; worst quality	Poor

Data for the river water quality measure are collected monthly at numerous monitoring locations throughout the province. These stations comprise the provincial long-term river network. Stations upstream and downstream of agricultural, industrial or municipal areas are compared to examine the overall impact of these developments on river water quality. Measure values for a subset of these stations from the province's six major river systems are used to depict changes in water quality that have occurred over the past several years.

Monthly water quality samples are collected at key locations for each of the province's six major river systems. A value is calculated for each of four variable groups for data collected between April and March, representing both a fiscal and a water year:

- metals (22 variables measured quarterly);
- nutrients (6 variables measured monthly, includes oxygen and pH);
- bacteria (2 variables measured monthly); and
- pesticides (17 variables measured four times through the summer).

Values for the four variable groups are then averaged to produce an overall measure of surface water quality that can be tracked over time. To ensure comparability of the ratings among rivers and monitoring stations, water quality variables used in the calculation must be consistent at all sites. As a result, variables that may be of particular concern in only a few specific rivers (e.g., pulp and paper chlorinated phenolics, polycyclic aromatic hydrocarbons) are not included in the calculation.

The formula used to calculate the values for each group is based on three statistical attributes of water quality, relative to desirable levels (defined by water quality guidelines, in most cases):

- Scope – the total number of water quality variables that do not meet guidelines;
- Frequency – the number of individual measurements for all variables combined that do not meet guidelines; and
- Amplitude – the amount by which measurements do not meet guidelines.

Variables in the first three groups (metals, nutrients and bacteria) are compared to guidelines listed in Surface Water Quality Guidelines for Use in Alberta. Where a number of guidelines exist for one variable, the guideline for the most sensitive use (recreation, agriculture, or the protection of aquatic life) is typically chosen. Drinking water guidelines are not considered, since surface water should not be used for drinking without first being treated. The measure calculator is periodically revised to keep current with updates to National Water Quality Guidelines.

Variables in the fourth group (pesticides) are evaluated based on whether they can be detected in a water sample. This conservative approach was adopted because some pesticides do not yet have official guidelines and, unlike metals, nutrients and bacteria, do not occur naturally in the environment.

Source: Environment and Sustainable Resource Development

1.3 Viability of Fish and Wildlife Populations – Percentage of Species at Risk

The general status rank for each wild vertebrate species (mammals, birds, amphibians, reptiles and fish) in Alberta is based on population size, population dispersion/distribution, trend in population, trend in distribution, threats to populations and threats to habitat. The ranks are At Risk, May be at Risk, Sensitive, Secure, Not Assessed, Exotic/Alien, Extirpated/Extinct and Accidental/Vagrant. Every five years, these rankings are reviewed by species experts from government, industry, academia and the general public. The performance measure is then calculated using the general status ranks for all vertebrates in the province. The analysis is limited to vertebrates because the department is continually assessing the status of new and often poorly known, taxonomic groups. In order to make long-term comparisons meaningful, only vertebrate ranks are used. The measure is calculated by taking the number of vertebrate species At Risk (i.e. those identified as Endangered or Threatened) and dividing that by the total number of vertebrate species known in the province x 100.

Methodology for determining species at risk remains and taxonomy across jurisdictions remains consistent. Working documents are created for each vertebrate taxonomic group (one page plus a rank for each species). The working documents are updated with new data from status reports/updates of on-going research. Species are given a preliminary status ranking and the document is time stamped. An At Risk designation will highlight the fact that a species has been legally defined as either Endangered or Threatened under *Alberta's Wildlife Act*. The next available results will be available in 2015 and reported on in the 2015-16 ministry annual report.

Source: Environment and Sustainable Resource Development

Performance Measure

2.a Sustainable Timber Harvest by Annual Allowable Cut and Harvest

Results reflect Alberta's ability to manage forests on Crown land in a sustainable manner. Annual Allowable Cut (AAC) is the amount of timber that can be harvested on a sustainable basis (in accordance with the policy of sustained yield) within a defined planning area. Recreation areas, wildlife reserves and stream buffers are excluded from the AAC calculation. The AAC is determined on either an individual forest management unit basis or a specific forest management agreement area basis. Information is stored in a database and summed to determine the total provincial AAC for the province. Data from the Timber Production and Revenue System is used to determine the provincial harvest level (actual timber harvest). Certain volumes are not included in the harvest level for the purpose of comparability to the AAC. For example, fire salvage is not included in harvest levels if it does not contribute to the AAC. A five-year rolling average is used to report provincial AAC and actual timber harvest levels and results lag by one year.

Source: Environment and Sustainable Resource Development

Performance Indicator

2.1 Healthy Forest – Rate of Regrowth

The rate of forest regrowth is the percentage of targeted regrowth achieved on harvested areas at the time of last mandated assessment. This measure ensures that reforestation continues to sustain Alberta's public forests and forest lands following harvesting. Monitoring reforestation in relation to regeneration standards is an essential part of continued forest sustainability and demonstrates efforts that Environment and Sustainable Resource Development staff perform to sustain Alberta's forest resources.

The current forest regeneration assessment system utilizes detailed data and assesses sufficiency of the harvested areas' reforestation status. Two approaches are used either by assessing the measure's status relative to a fixed point-in-time standard (a minimum stocking standard was used in the previous reforestation standard), or by forecasting the growth rate of the reforested trees relative to the growth rate assumed for that forest type in the Forest Management Plan for the area (the Reforestation Standard of Alberta was introduced in 2009 and includes mean annual increment targets). The regrowth rate measure reports a single metric combining both systems of assessing regeneration performance.

Source: Environment and Sustainable Resource Development

Performance Measures

3.a Sustainable Economic Prosperity from Public Lands

Environment and Sustainable Resource Development earns revenue for the Government of Alberta by allowing industry to lease public land. The value of Alberta's economic gains from the land through harvested commodities such as oil and gas is large in comparison to expenditures for managing the land. This measure attempts to capture the economic gain from commodities produced from leasing access to public lands to industrial clientele. Results from this measure will add context to the ministry's aim of sustaining Alberta's natural resources for future generations.

All data utilized for the measure is collected from sources published within the Government of Alberta. Non-renewable resource revenue (collected from Government of Alberta Budget Fiscal Plan Tables) and lands expenses directly incurred (from the ministry's Annual Report Consolidated Statements of Operation) are collected and stated as a ratio against public lands revenue.

Source: Environment and Sustainable Resource Development and Government of Alberta

3.b Opportunities for Economic, Social and Recreational Development – Percentage Change in Hunting and Fishing Licences

The Resource Licensing Management System tracks licensing transactions for hunters and anglers in Alberta. The system is queried to provide the total number of fishing licences and wildlife certificates during the hunting and fishing season. These numbers are generated annually to report on the percentage change in the total number of outdoor recreationalists. Year to year results speak to variations in fishing and hunting participation trends in Alberta. In 2014-15 system enhancements were introduced to the Resource Licensing Management System, the implementation of these changes is currently in progress. As a result of these system enhancements the performance measure results for 2014-15 are stated as an estimate. These results will be restated once the system enhancements are completed.

Limitation: Youth hunters are aged 12-17 and youth anglers are aged 16-17 as well as hunters and anglers older than 65 years of age are not represented within the licencing system.

Source: Environment and Sustainable Resource Development

2.a Percentage of Adult Albertans Who Visited a Provincial Park or Recreational Area in the Last 12 Months (from the former Ministry of Tourism, Parks and Recreation)

To survey a random and representative sample of adult Albertans, quotas were established for the number of interviews within six geographic areas of the province and within each geographic area, for each age group (i.e., 18 – 34, 35 – 54, 55 years or older) and, within each age segment, for the number of interviews with males and females. The latest Statistics Canada population estimates were used to provide a representative sample frame, with the number of interviews in each region-age-gender segment being proportionate to the population estimates. The survey sampler drew a random sample from the most recent residential phone listings of Alberta. At least six call back attempts to reach or schedule an interview with a respondent were done before a telephone number was exhausted. Telephone numbers were called no more than twice in one day and never at the same time on different days. Respondents were allowed to schedule appointments to complete the survey at a convenient time. Interviews were conducted with the adult in the household who was having the next birthday.

Source: Leger Marketing Alberta Survey of Albertans for Environment and Sustainable Resource Development

Performance Measure

4.a Containment of Wildfires

The number of wildfires contained within the first burning period (by 10 a.m. the day following assessment) is expressed as a percentage of all wildfires that occur during the legislated fire season (March 1 to October 31). Wildfires in the province are thoroughly tracked for detection, assessment, control and containment logging time and resources used. The results of the performance measure indicate how quickly the ministry controls wildfires. Early detection, assessment and containment minimizes fire loss and reduces suppression costs.

Source: Environment and Sustainable Resource Development

Performance Indicators

4.1 Drinking water Quality Indicator

The Drinking water Quality Indicator measures the percentage of Environment and Sustainable Resource Development-regulated facilities that provide quality drinking water to Albertans without significant incident. Under the *Environmental Protection and Enhancement Act*, Environment and Sustainable Resource Development regulates waterworks facilities that provide drinking water to Albertans, including campgrounds and rural subdivisions that use surface water sources, as well as all waterworks in villages, towns, and cities. Regulated drinking water facilities must report on the quality of the treated water against specified limits. Environment and Sustainable Resource Development staff inspect waterworks facilities on a regular schedule for compliance with water-quality requirements and reporting. Alberta adopts health-based guidelines (microbiological, chemical, and physical parameters) from the Guidelines for Canadian Drinking Water Quality, as published by Health Canada. In general, the highest-priority guidelines are those dealing with microbiological contaminants, such as bacteria, protozoa and viruses. Alberta's drinking water Standards encompass considerations for treatment performance requirements for parameters with immediate health-related effects as well as for long-term chemical guidance. Treatment performance requirements (such as filtration and disinfection) are meant to address more immediate concerns such as to control microbiological quality. Most health-based limits (*i.e.* chemical and physical parameters) are meant to address concerns if the water is consumed over a long period of time (many years). When an intervention is required, either with an immediate or long term concern, actions may range from a public health advisory to prevent consumption of the water, to a requirement to upgrade a waterworks facility.

Source: Environment and Sustainable Resource Development

Changes to Performance Measures Information

The 2014-17 business plan cycle continued to demonstrate coordination and integration of tasks, functions and processes for the Ministry of Environment and Sustainable Resource Development. The performance measures that best reflected the ministry goals were selected to be reported on. The ministry reviews performance measures and indicators continually, enhancing results reporting in support of goal statements. In an ongoing effort to improve this connection the following changes were made:

The drinking water quality indicator performance measure will no longer report the following subcategories.

- Percentage of facilities required to meet 1997 or 2006 facility design standards
- Percentage of facilities in compliance with regulatory requirements that prevent water quality incidents.

The Parks portfolio was added to the ministry in October, 2014. This included addition of the following performance measure to the annual report:

- Percentage of Adult Albertans Who Visited a Provincial Park or Recreational Area in the Last 12 Months

The following performance measures shifted to performance indicators in 2014-15:

- Air quality index;
- River water quality index;
- Viability of Fish and Wildlife Populations: Percentage of Species at Risk;
- Sustainable forests: Percentage of forest regrowth attained; and
- Drinking water quality indicator.

Financial Information

Annual Report
2014 - 2015

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Ministry of Environment and Sustainable Resource Development

Consolidated Financial Statements

Year Ended March 31, 2015

AUDITOR
GENERAL
Alberta

Independent Auditor's Report

To the Members of the Legislative Assembly

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the Ministry of Environment and Sustainable Resource Development, which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Ministry of Environment and Sustainable Resource Development as at March 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

June 5, 2015

Edmonton, Alberta

MINISTRY OF ENVIRONMENT AND SUSTAINABLE RESOURCE DEVELOPMENT

CONSOLIDATED STATEMENT OF OPERATIONS

Year ended March 31, 2015

	2015		2014
	Constructed Budget (Schedule 3)	Actual	Actual (Restated)
		(in thousands)	
Revenues (Schedule 1)			
Government Transfers			
Government of Canada Grants	$ 25,100	$ 19,378	$ 29,411
Investment Income	1,144	3,165	2,492
Premiums, Fees and Licences	135,586	153,702	159,739
Climate Change and Emissions Management Fund	60,000	77,233	106,219
Other Revenue	70,117	168,817	51,243
	291,947	422,295	349,104
Expenses – Directly Incurred (Note 2(b) and Schedules 2 and 4)			
Programs			
Ministry Support Services	54,805	76,234	66,006
Air	18,933	28,301	25,442
Land	51,874	57,052	54,981
Water	73,644	69,533	72,643
Fish and Wildlife	32,536	23,357	27,866
Integrated Planning	19,097	28,666	9,990
Forests	204,692	348,383	324,826
Parks	70,487	69,097	71,883
Climate Change	17,337	13,865	15,051
Climate Change and Emissions Management	60,000	599	106,771
Land Use Secretariat	14,741	7,493	5,989
Science and Monitoring	15,599	15,251	41,143
Alberta Environmental Monitoring, Evaluation and Reporting Agency	55,103	49,820	-
Quasi-Judicial Bodies	11,507	11,121	11,294
2013 Alberta Flooding (Note 15)			
Non Disaster Recovery Program Expenses	38,465	82,272	176,121
	738,820	881,044	1,010,006
Net Operating Results	$ (446,873)	$ (458,749)	$ (660,902)

The accompanying notes and schedules are part of these consolidated financial statements.

MINISTRY OF ENVIRONMENT AND SUSTAINABLE RESOURCE DEVELOPMENT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31, 2015

	2015	2014 (Restated)
	(in thousands)	
Assets		
Cash and Cash Equivalents (Note 5)	$ 409,607	$ 353,000
Accounts Receivable (Note 6)	76,522	93,269
Inventory	4,380	4,798
Prepaid Expenses (Note 7)	8,370	9,783
Tangible Capital Assets (Note 8)	1,541,517	1,538,576
	$ 2,040,396	$ 1,999,426
Liabilities		
Accounts Payable and Accrued Liabilities (Note 9)	$ 116,535	$ 385,122
Deferred Revenue (Note 10)	92,677	103,003
Liability for Contaminated Sites (Note 11)	5,305	1,165
	214,517	489,290
Net Assets		
Net Assets at Beginning of Year	1,510,136	1,639,962
Adjustment to Opening Net Assets (1)	10,665	10,884
Net Operating Results	(458,749)	(660,902)
Net Financing Provided from General Revenues	763,827	520,192
Net Assets at End of Year	1,825,879	1,510,136
	$ 2,040,396	$ 1,999,426

Contingent Liabilities (Note 12)

Contractual Obligations (Note 13)

(1) Adjustments to opening net assets includes Non-Grant Transfer of Tangible Capital Assets from Other Government Departments

The accompanying notes and schedules are part of these consolidated financial statements.

MINISTRY OF ENVIRONMENT AND SUSTAINABLE RESOURCE DEVELOPMENT

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended March 31, 2015

	2015	2014 (Restated)
	(in thousands)	
Operating Transactions		
Net Operating Results	$ (458,749)	$ (660,902)
Non-cash Items Included in Net Operating Results		
Amortization (Note 8)	51,803	51,150
Deferred Capital Contribution recognized as Revenue (Note 10)	(1,698)	(1,702)
Deferred Revenue recognized as Revenue	(17,269)	(68,041)
Consumption of Inventory	673	736
Loss on Disposal of Tangible Capital Assets	2,953	2,557
Donation of Capital Asset	(623)	-
	(422,910)	(676,202)
Decrease in Accounts Receivable	16,747	11,825
Increase in Inventory	(255)	(1,237)
Decrease in Prepaid Expenses	1,413	971
(Decrease) Increase in Accounts Payable & Accrued Liabilities	(268,587)	142,993
Increase in Deferred Revenue	8,641	66,543
Increase in Liability for Contaminated Sites	4,140	-
Cash Applied to Operating Transactions	(660,811)	(455,107)
Capital Transactions		
Acquisition of Tangible Capital Assets	(46,409)	(35,582)
Proceeds on Disposal of Tangible Capital Assets	-	1,388
Cash Applied to Capital Transactions	(46,409)	(34,194)
Financing Transactions		
Net Financing Provided from General Revenues	763,827	520,192
Impact of Restatement	-	(1,665)
Cash Provided by Financing Transactions	763,827	518,527
Increase in Cash and Cash Equivalents	56,607	29,226
Cash and Cash Equivalents at Beginning of Year	353,000	323,774
Cash and Cash Equivalents at End of Year	$ 409,607	$ 353,000

The accompanying notes and schedules are part of these financial statements.

NOTE 1 AUTHORITY AND PURPOSE

The Ministry of Environment and Sustainable Resource Development (the Ministry) operates under the authority of the *Government Organization Act*, Chapter G-10, revised Statues of Alberta 2000 and its regulations. The Ministry also operates under the authority of the following acts:

Organization	Authority
Department of Environment and Sustainable Resource Development	*Boundary Surveys Act* *Wildlife Act* *Fisheries (Alberta) Act* *Forests Act* *Forest and Prairies Protection Act* *Forest Reserves Act* *Mines and Minerals Act* *Public Lands Act* *Surveys Act* *Alberta Sport, Recreation, Parks and Wildlife Foundation Act* *Black Creek Heritage Rangeland Trails Act* *Provincial Parks Act*, except sections 14 and 15 *Recreation Development Act* *Wilderness Areas Ecological Reserves, Natural Areas and Heritage Rangelands Act* *Willmore Wilderness Park Act*
Environmental Protection and Enhancement Fund	*Environmental Protection and Enhancement Act*
Climate Change and Emissions Management Fund	*Climate Change and Emissions Management Act*
Land Stewardship Fund	*Public Lands Act*
Natural Resources Conservation Board	*Natural Resources Conservation Board Act*
Alberta Environmental Monitoring, Evaluation and Reporting Agency	*Protecting Alberta's Environment Act*
Surface Rights Board	*Surface Rights Act*
Land Compensation Board	*Expropriation Act*

The ministry consists of the Department of Environment and Sustainable Resource Development, the Climate Change and Emissions Management Fund, the Environmental Protection and Enhancement Fund, the Land Stewardship Fund, the Natural Resources Conservation Board, and the Alberta Environmental Monitoring, Evaluation and Reporting Agency. Funding is also provided for the Surface Rights Board, the Land Compensation Board, the Environmental Appeals Board, and the Public Lands Appeal Board, which are accountable to the minister.

NOTE 1 AUTHORITY AND PURPOSE (Cont'd)

As proud stewards of air, land, water, biodiversity and a system of provincial parks and protected areas, the Ministry of Environment and Sustainable Resource Development leads the achievement of desired environmental outcomes and sustainable development of natural resources for Albertans. To achieve the desired outcomes the ministry utilizes management, science and stewardship practices, and works closely with Albertans and representatives of communities, other governments and industry. The work takes the ministry into conversations across jurisdictions, including international, national, provincial, regional and local parties.

The ministry leads and enables the achievement of desired environmental outcomes and natural resource sustainable development to provide economic, social and environmental benefits and to enrich Albertans' quality of life. The ministry is part of the resource management system in the province, with a focus on provincial parks, protected areas, public lands, forests, fish and wildlife, air quality, water, waste, environmental emergencies, land reclamation and climate change. The ministry is responsible for overseeing the development, implementation, review and amendment of regional plans under the *Land-use Framework*. The ministry develops and implements strategies, policies, plans, and legislation to manage the cumulative effects of human activity and achieve Albertans' desired future. To ensure Alberta's natural resources are managed and developed using innovative and responsible approaches to maximize their value while protecting Alberta's environment, the Ministry of Environment and Sustainable Resource Development commits to Albertans that decisions are informed, responsible and accountable and respect the right mix of opportunities and benefits to achieve desired outcomes.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian public sector accounting standards.

(a) Reporting Entity and Method of Consolidation

The reporting entity is the Ministry of Environment and Sustainable Resource Development, for which the Minister of Environment and Sustainable Resource Development is accountable. The financial statements of the Department of Environment and Sustainable Resource Development include the activities of the Surface Rights Board, Environmental Appeals Board and the Land Compensation Board. The accounts of the department are fully consolidated with the Environmental Protection and Enhancement Fund, the Natural Resources Conservation Board, the Climate Change and Emissions Management Fund, the Land Stewardship Fund, and the Alberta Environmental Monitoring, Evaluation and Reporting Agency.

Revenue and expense, capital, investing and financing transactions and related asset and liability accounts between the consolidated entities have been eliminated.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(a) Reporting Entity and Method of Consolidation (Cont'd)

All ministries of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the President of Treasury Board and Minister of Finance. All cash receipts of ministries are deposited into the Fund and all cash disbursements made by ministries are paid from the Fund. Net Financing provided from general revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on an accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as deferred revenue.

Government Transfers

Transfers from the Government of Alberta, federal and other governments are referred to as government transfers.

Government transfers are recorded as deferred revenue if the terms for use of the transfer, or the terms along with the ministry's actions and communications as to the use of the transfer, create a liability. These transfers are recognized as revenue as the terms are met and, when applicable, the ministry complies with its communicated use of the transfer.

All other government transfers, without terms for the use of the transfer, are recorded as revenue when the transfer is authorized and the ministry meets the eligibility criteria (if any).

Donations and Non-Government Grants

Donations and non-government grants are received from individuals, corporations, and private sector not-for-profit and organizations. Donations and non-government grants may be unrestricted or externally restricted for operating or capital purposes. Unrestricted donations and non-government grants are recorded as revenue in the year received or in the year the funds are committed and the amounts can be reasonably estimated. Externally restricted donations, non-government grants, and realized gains and losses for the associated externally restricted investment income are recorded as deferred revenue if the terms for their use, or the terms along with the ministry's actions and communications as to the use, create a liability. These resources are recognized as the terms are met and, when applicable, the ministry complies with its communicated use.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(b) Basis of Financial Reporting (Cont'd)

Grants and Donations for Land
The ministry recognizes transfers and donations for the purchase of land as a liability when received, and as revenue when the ministry purchases the land. The ministry recognizes in-kind contributions of land as revenue at the fair value of the land. When the ministry cannot determine the fair value, it records such in-kind contributions at a nominal value.

Capital Contributions
Restricted capital contributions are recognized as deferred revenue when received and recognized as revenue over the useful life of the acquired or constructed tangible capital assets.

Expenses

Directly Incurred
Directly incurred expenses are those costs the ministry has primary responsibility and accountability for. In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

- amortization of tangible capital assets,
- inventory consumed,
- pension costs which compromise the cost of the employer contributions for current service of employees during the year,
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, guarantees and indemnities, and
- grants which are recognized as expenses when authorized, eligibility criteria, if any, are met and a reasonable estimate of the amount can be made.

Incurred by Others
Services contributed by other entities in support of the ministry operations are not recognized and are allocated to programs to show the full costs in Schedule 4.

Valuation of Financial Assets and Liabilities
Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of Cash and Cash Equivalents, Accounts Receivable, Accounts Payable and Accrued Liabilities are estimated to approximate their carrying value because of the short-term nature of these instruments.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(b) Basis of Financial Reporting (Cont'd)

Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the ministry are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals.

Assets acquired by right are not included.

Tangible capital assets of the ministry are recorded at historical cost and amortized on a straight-line basis over the estimated useful life of the assets. The threshold for capitalizing new systems development is $250,000 and the threshold for major systems enhancements is $100,000. The threshold for all other tangible capital assets is $5,000. All land is capitalized.

Contributed tangible capital assets are recorded at their fair value at the time of contribution.

Amortization is only charged if the tangible asset is in use.

When physical assets (tangible capital assets and inventories) are gifted or sold for a nominal sum, the net book value of these physical assets less any nominal proceeds are recorded as grants in kind. Unrealized gains and losses on transfers to controlled entities are eliminated on consolidation.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Where the ministry has received restricted contributions which have not been fully used in the period, this gives rise to deferred revenue.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(b) Basis of Financial Reporting (Cont'd)

Net Assets/Net Liabilities
Net Assets/Net Liabilities represent the difference between the carrying value of assets held by the ministry and its liabilities.

Canadian public sector accounting standards require a "net debt" presentation for the consolidated statement of financial position in the summary consolidated financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as "net debt" or "net financial assets" as an indicator of the future revenues required to pay for past transactions and events. The ministry operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these consolidated financial statements do not report a net debt indicator.

Measurement Uncertainty
(in thousands)

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount.

Royalties and Disturbance fees
Royalties and disturbance fees on dispositions, recorded as $820 in these financial statements (2014 - $1,610), are subject to measurement uncertainty.

Some revenues are predicated on self-assessment where clients are expected to understand the terms of their lease or permit and comply with them. This could impact the completeness of the revenues from royalties and disturbance fees on dispositions when clients fail to comply with the lease, permit, or disposition requirements. Although system enhancements have been made, there is still a risk that all sources of unreported income from self-assessed revenues cannot be identified. The ministry does not estimate the amount of unreported royalties or disposition fees.

Liability for Contaminated Sites
Liability for Contaminated Sites recorded as $5,305 (2014 - $1,165) in these financial statements are subject to measurement uncertainty.

These estimates are based on the current site assessment, including the source and type of the contaminant. During remediation, further site assessments and/or sampling results may materially change the estimate. These changes could be the result of factors such as expanded area of contamination; a revised assessment of the source or introduction of a new source; re-sampling at deeper depths; and cost fluctuations where remedial work is conducted over several years.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(b) Basis of Financial Reporting (Cont'd)

Climate Change and Emissions Management Fund
The Revenues from Facility Purchases of Fund Units and accounts receivable in these financial statements are subject to measurement uncertainty because methodologies including estimation techniques and emission factors are used in emissions measurement.

In 2014-15, management changed the methodology in estimating the Revenues from Facility Purchases of Fund Units for the period January 1 to March 31, 2015 to account for the reporting data for each facility. This change affects revenues and accounts receivable balance. Revenues and accounts receivable also include an estimate of $22,848 for the period January 1 to March 31, 2015 (2014 - $25,546). Management estimated this amount by using 2013 and 2014 emissions and production data, 2015 production where available and including compliance preferences of each facility. Actual results could vary by a material amount.

Provision for Doubtful Accounts
The provision for doubtful accounts, expensed as $962 (2014 - $41) in these financial statements, is based on the assumption that:

- 5% of the accounts receivable between 32 and 90 days
- 50% of the accounts receivable between 91 and 365 days, and
- 100% of the accounts receivable over 365 days

at March 31, 2015 will not be collected.

(c) Change in Accounting Policy

PS 3260 Liability for Contaminated Sites
In June 2010 the Public Sector Accounting Board issued this accounting standard effective for fiscal years starting on or after April 1, 2014. Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic, or radioactive material, or live organism that exceeds an environmental standard. The ministry adopted this accounting standard retroactively as of April 1, 2014 but without restatement of prior period results. Upon adoption certain amounts were reclassified from Accounts Payable and Accrued Liabilities to Liability for Contaminated Sites identified as disclosed in Note 11.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(d) Future Accounting Changes

PS 3450 Financial Instruments
In June 2011 the Public Sector Accounting Board issued this accounting standard and subsequently extended the effective date to April 1, 2016 from April 1, 2015. The ministry has not yet adopted this standard and has the option of adopting it in fiscal year 2016-17 or earlier. Adoption of this standard requires corresponding adoption of: PS 2601, Foreign Currency Translation; PS 1201, Financial Statement Presentation; and PS 3041, Portfolio Investments in the same fiscal period. These standards provide guidance on: recognition, measurement, and disclosure of financial instruments; standards on how to account for and report transactions that are denominated in a foreign currency; general reporting principles and standards for the disclosure of information in financial statements; and how to account for and report portfolio investments. Management is currently assessing the impact of these standards on the consolidated financial statements.

PS 2200 Related Party Disclosures and PS 3420 Inter-EntityTransactions
In March 2015 the Public Sector Accounting Board issued PS 2200 – Related party disclosures and PS 3420 – Inter-entity transactions. These accounting standards are effective for fiscal years starting on or after April 1, 2017.

- PS 2200 – Related party disclosures defines a related party and identifies disclosures for related parties and related party transactions, including key management personnel and close family members.
- PS 3420 – Inter-entity transactions, establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

Management is currently assessing the impact of these new standards on the consolidated financial statements.

NOTE 3 GOVERNMENT REORGANIZATION

During the year, the ministry restated the consolidated financial statements previously presented for the effects of changes resulting from program transfers from another ministry of government.

The Ministry of Tourism, Parks and Recreation transferred responsibilities for Program 5 – Parks, related Ministry Support Services, and 2013 Alberta Flooding to the Ministry of Environment and Sustainable Resource Development as a result of restructuring of government ministries announced on September 15, 2014. Comparatives for 2014 have been restated as if the ministry had always been assigned with its current responsibilities.

NOTE 4 RESTATEMENT OF PRIOR YEAR

(in thousands)

Net Assets (Liabilities) as previously reported at March 31, 2013	$ 1,271,179
Transfer of Aboriginal Consultation Office to Ministry of Aboriginal Relations	98
Transfer of Parks	368,685
Restated Net Assets (Liabilities) at March 31, 2013	$ 1,639,962

Accounts Payable and Accrued Liabilities reported at March 31, 2014	$ 374,922
Transfer of Aboriginal Consultation Office to Ministry of Aboriginal Relations	(159)
Transfer of Parks	11,524
Contaminated Site Liability Restatement	(1,165)
Restated Accounts Payable and Accrued Liabilities at March 31, 2014	$ 385,122

Net Operating Results as previously reported at March 31, 2014	$ (606,175)
Transfer of Aboriginal Consultation Office to Ministry of Aboriginal Relations	1,947
FTE Transfer to Ministry of Justice and Solicitor General	144
Transfer from Executive Council for Public Affairs Officer	(201)
Transfer of Parks	(56,617)
Restated Net Operating Results at March 31, 2014	$ (660,902)

NOTE 5 CASH AND CASH EQUIVALENTS

(in thousands)

Cash and Cash Equivalents include deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high-quality, short-term securities with a maximum term to maturity of three years. As at March 31, 2015, securities held by the Fund have a time-weighted return of 1.2% per annum (2014: 1.2% per annum). Due to the short-term nature of CCITF investments, the carrying value approximates fair value.

NOTE 6 ACCOUNTS RECEIVABLE

(in thousands)

	2015			2014
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value (Restated)
Accounts receivable	$ 53,580	$ (2,925)	$ 50,655	$ 61,470
Climate Change and Emissions Management Fund	25,867	-	25,867	31,799
	$ 79,447	$ (2,925)	$ 76,522	$ 93,269

Accounts Receivable are unsecured and non-interest bearing.

NOTE 7 PREPAID EXPENSES

(in thousands)

The amount of $8,370 (2014 - $9,783) includes a prepayment for future access rights under the Bassano Dam settlement agreement with the Siksika Nation. The prepaid access rights will be expensed annually over the remaining 10 years at $1,025 per year.

NOTE 8 TANGIBLE CAPITAL ASSETS

(in thousands)

	Land[1]	Buildings	Equipment[2]	Computer Hardware and Software	Land Improve-ments	Highways and Roads	Dam & Water Management Structures[3]	Other[4]	2015 Total	2014 Total (Restated)
Estimated Useful Life	Indefinite	10-50 years	3-40 years	3-10 years	10-40 years	20-50 years	20-80 years	3-50 years		
Historical Costs[5]										
Beginning of year	$259,051	$249,821	$ 115,409	$ 74,345	$ 283,274	$117,413	$ 1,223,795	$ 110,180	$2,433,288	$ 2,391,287
Additions	3,640	3,200	2,830	4,010	10,023	6,035	3,083	14,211	47,032	35,629
Disposals, including write-downs	(4)	(842)	(1,585)	(1,951)	(25)	-	-	(52)	(4,459)	(4,530)
Transfer In	3,744	-	-	-	-	-	6,928	-	10,672	11,949
Transfer Out	-	-	(7)	-	-	-	-	-	(7)	(1,047)
Asset Reclassification In (Out)	(46)	1,777	(839)	(12)	(186)	1,885	-	(2,579)	-	-
	$266,385	$253,956	$ 115,808	$ 76,392	$ 293,086	$125,333	$ 1,233,806	$ 121,760	$2,486,526	$ 2,433,288
Accumulated Amortization										
Beginning of year	$ -	$116,724	$ 69,359	$ 49,164	$ 159,089	$ 59,512	$ 402,092	$ 38,772	$ 894,712	$ 845,328
Amortization expense	-	6,840	7,376	5,902	6,377	4,253	18,226	2,829	51,803	51,150
Effect of disposals	-	(477)	(574)	(381)	(35)	-	-	(39)	(1,506)	(1,766)
	$ -	$123,087	$ 76,161	$ 54,685	$ 165,431	$ 63,765	$ 420,318	$ 41,562	$ 945,009	$ 894,712
Net Book Value at March 31, 2015	$266,385	$130,869	$ 39,647	$ 21,707	$ 127,655	$ 61,568	$ 813,488	$ 80,198	$1,541,517	
Net Book Value at March 31, 2014	$259,051	$133,097	$ 46,050	$ 25,181	$ 124,185	$ 57,901	$ 821,703	$ 71,408		$ 1,538,576

(1) Land includes land acquired for building sites, infrastructure and other program use.
(2) Equipment includes office, laboratory, heavy mobile and forest protection equipment, vehicles and furniture.
(3) Dams and water management structures include dams, reservoirs, weirs, canals, dykes, ditches, channels, diversions, cut-offs, pump houses and erosion protection structures, which are constructed by the Ministry of Transportation and transferred to the Ministry of Environment and Sustainable Resource Development upon their completion.
(4) Other consists of aircraft and aircraft engines.
(5) Historical costs includes work-in-progress at March 31, 2015 totalling $87,212 (2014 - $56,150) comprised of: buildings $11,592 (2014 - $9,037); equipment $8,342 (2014 - $8,829); computer hardware and software $7,577 (2014 - $7,533); land improvements $26,833 (2014 - $17,042); dam improvements $10,012 (2014 - $9,710), other $18,427 (2014 - $2,926), highway and roads $847 (2014 - $784); and land $3,582 (2014 - $269). Historical costs also include asset classification changes.

All intangibles inherited by right of the Crown such as Crown lands, forests, water, and mineral resources are not recognized in these consolidated financial statements.

NOTE 9 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

(in thousands)

	2015	2014 (Restated)
Accrued liabilities	$ 71,658	$ 335,531
Accounts payable general	15,427	24,744
Site reclamation obligations	-	15
Vacation pay	29,450	24,832
	$ 116,535	$ 385,122

NOTE 10 DEFERRED REVENUE

(in thousands)

	2015	2014 (Restated)
Unearned revenue	$ 75,613	$ 84,241
Unspent deferred capital contribution liability (i)	4,651	4,909
Spent deferred capital contributions (ii)	12,413	13,853
	$ 92,677	$ 103,003

(i) Unspent deferred capital contribution liability

	2015 Federal government	2014 Total (Restated)
Balance, beginning of year	$ 4,909	$ 5,172
Transferred to spent deferred capital contributions	(258)	(263)
Balance, end of year	$ 4,651	$ 4,909

(ii) Spent deferred capital contributions

	2015			2014
	Federal government	Non-government	Total	Total (Restated)
Balance, beginning of year	$ 4,034	$ 9,819	$ 13,853	$ 15,292
Transferred from unspent deferred capital contribution	258	-	258	263
Less amounts recognized as revenue	(607)	(1,091)	(1,698)	(1,702)
Balance, end of year	$ 3,685	$ 8,728	$ 12,413	$ 13,853

NOTE 11 LIABILITY FOR CONTAMINATED SITES

(in thousands)

The composition of liabilities is as follows:

	2015	2014
Reclassification from accrued liabilities	$ 1,165	$ 1,191
Additions to liabilities during the year	4,494	-
Change in estimate related to existing sites	44	(26)
Remediation work performed	(398)	-
Liabilities, end of year	$ 5,305	$ 1,165

The ministry is currently monitoring at the West Arrowwood, Parkland Underground Storage Tanks and Huck Finn Food and Gas Bar site to ensure that residual contamination is stable and not migrating. If monitoring results show increases in contaminants or migration offsite, further remediation would be considered.

The ministry has accepted responsibility to perform remediation work at the Cold Creek Ranger Station for soil and groundwater contamination caused by underground storage tanks and above ground sewage lagoons. A further assessment of sewage lagoon integrity will be performed along with remaining soil cleanup in 2015/16. After completion of the remediation, the site will be monitored for two years through soil and groundwater sampling.

The ministry has undertaken remediation work on behalf of the proponent at the Gas Plus site for soil and groundwater contamination due to health and environment risks. The remedial work will be conducted over three years, starting in 2014/15, for both onsite and offsite remediation. The liability estimate was based on a consultant's proposal to delineate, develop a contaminated site model, implement testing and remedial action plan. Recovery of compensation equal to the remediation costs will be pursued through the courts. The probability of recovery of all or some of the costs has been assessed as low and therefore, the liability has not been reduced for any potential recoveries.

NOTE 12 CONTINGENT LIABILITIES

(in thousands)

The ministry is involved in legal matters where damages are being sought. These matters may give rise to contingent liabilities.

Accruals have been made in specific instances where it is likely that losses will be incurred based on a reasonable estimate. As at March 31, 2015 accruals totalling $411 (2014: $0) have been recorded as a liability. The total amount claimed for all likely claims is $679 (2014: $450). Included in the total likely claims are claims covered in whole or part by the Alberta Risk Management Fund (ARMF). The resulting additional liability, if any, from likely claims in excess of the amounts accrued or covered by the ARMF is not determinable.

The ministry has been named in 26 (2014: 32) claims of which the outcome is not determinable. Of these claims, 19 (2014: 26) have specified amounts totalling $245,175 (2014: $823,515). The remaining seven (2014: six) claims have no amounts specified. Included in the total claims, eight claims totalling $207,003 (2014: 11 claims totalling $783,731) are covered in whole or in part by the ARMF.

The resolution of indeterminable claims may result in a liability, if any, that may be significantly lower than the claimed amount.

NOTE 13 CONTRACTUAL OBLIGATIONS

(in thousands)

Contractual obligations are obligations of the ministry to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	2015	2014 (Restated)
Service contracts	$ 141,666	$ 148,899
Long-term leases	1,976	2,657
Grants		
Canada ecoTrust for Clean Air and Climate Change	7,100	18,350
Other Programs	78,952	1,564
	$ 229,694	$ 171,470

Estimated payment requirements for each of the next five years and thereafter are as follows:

	Service Contracts	Long-Term Leases	Grants	Total
2015-16	$ 49,679	$ 448	$ 85,713	$ 135,840
2016-17	27,242	232	113	27,587
2017-18	13,023	172	113	13,308
2018-19	11,880	172	113	12,165
2019-20	9,364	144	-	9,508
Thereafter	30,478	808	-	31,286
	$ 141,666	$ 1,976	$ 86,052	$ 229,694

NOTE 14 TRUST FUNDS UNDER ADMINISTRATION

(in thousands)

The ministry administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the ministry's consolidated financial statements.

At March 31, 2015 trust funds under administration were as follows:

	2015	2014 (Restated)
Miscellaneous General Trust (Lands)	$ 30,111	$ 28,479
Performance Deposit Trust	1,699	2,191
Forests Act Securities General Trust	1,772	1,902
Environmental Protection Security Fund	18,233	17,111
Parks	916	887
	$ 52,731	$ 50,570

In addition to the above trust funds under administration, the ministry holds bank guarantees in the form of letters of credit and promissory notes as follows:

	2015	2014 (Restated)
Miscellaneous General Trust (Lands)	$ 30,775	$ 24,815
Performance Deposit Trust	6,598	4,110
Forests Act Securities General Trust	1,286	1,158
Environmental Protection Security Fund	191,834	178,123
Parks	6,776	8,015
	$ 237,269	$ 216,221

NOTE 15 2013 ALBERTA FLOODING

The full recovery from the June 2013 flood in southern Alberta will take a number of years. The Province's flood recovery initiatives, through its Disaster Recovery Program (DRP), provides financial assistance to impacted individuals, small businesses, municipalities, and government departments for uninsurable loss and damage. The DRP is administered and funded by the Alberta Emergency Management Agency of the Department of Municipal Affairs through the authority of the *Disaster Recovery Regulation*.

The Province's flood recovery initiatives include non-disaster recovery programs (non-DRP). Costs associated with non-disaster recovery programs are recognized as they are incurred. These costs are net of recoveries from insurance and other third parties.

NOTE 16 BENEFIT PLANS

(in thousands)

The ministry participates in the multi-employer pension plans: Management Employees Pension Plan, Public Service Pension Plan and Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $29,654 for the year ended March 31, 2015 (2014: $29,047).

At December 31, 2014, the Management Employees Pension Plan reported a surplus of $75,805 (2013 – surplus of $50,457), the Public Service Pension Plan reported a deficiency of $803,299 (2013 deficiency - $1,254,678) and the Supplementary Retirement Plan for Public Service Managers reported a deficiency of $17,203 (2013 – deficiency $12,384).

The ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2015, the Bargaining Unit Plan reported an actuarial surplus of $86,888 (2014 – surplus $75,200) and the Management, Opted Out and Excluded Plan an actuarial surplus of $32,343 (2014 – surplus $24,055). The expense for these two plans is limited to employer's annual contributions for the year.

NOTE 17 SUBSEQUENT EVENTS

The following changes were made as a result of a new Cabinet announced on May 24, 2015 and Order in Council number 121/2015:

1. The name of the Ministry was changed to Ministry of Environment and Parks.
2. Certain programs were transferred from the Ministry of Environment and Parks to the newly renamed Ministry of Agriculture and Forestry or to their joint responsibilities. Concurrently, responsibility for certain sections of the *Environmental Protection and Enhancement Act* were transferred to the common responsibility of the Ministry of Environment and Parks and the Ministry of Agriculture and Forestry.

A reasonable estimate of the impact on the results of operations of the Ministry of Environment and Parks cannot be made at this stage.

NOTE 18 COMPARATIVE FIGURES

Certain 2014 figures have been reclassified to conform to the 2015 presentation.

NOTE 19 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the senior financial officer and the deputy minister.

MINISTRY OF ENVIRONMENT AND SUSTAINABLE RESOURCE DEVELOPMENT

Schedule 1

CONSOLIDATED REVENUES

Year ended March 31, 2015

	2015	2014 (Restated)
	(in thousands)	
Government of Canada Grants		
Softwood Lumber Agreement (1)	$ 412	$ 7,078
Canada ecoTrust for Clean Air and Climate Change	12,175	15,449
Air Quality Health Index	65	168
Other	6,726	6,716
	19,378	29,411
Investment Income	3,165	2,492
Premiums, Fees and Licences		
Timber Royalties and Fees	57,341	61,201
Land and Grazing	73,099	75,199
Camping Fees	12,258	11,582
Other	11,004	11,757
	153,702	159,739
Climate Change and Emissions Management Fund	77,233	106,219
Other Revenue		
Land Sales	4,005	5,338
Refund of Expenditures (2)	100,388	2,716
Water Resources	2,677	3,933
Joint Oil Sands Monitoring	49,998	22,141
Other	11,749	17,115
	168,817	51,243
Total Revenues	$ 422,295	$ 349,104

(1) The Softwood Lumber Agreement, 2006 requires the Minister of Natural Resources of the Government of Canada to collect a softwood lumber export tax on lumber export products to the United States. The export tax levels are based upon the *Random Lengths* Composite Framing Lumber Price Index (CFLPI). Above a CFLPI level of US$355 the export tax rate is 0 per cent. As the CFLPI falls below US$355, this tax rate increases in increments of 5 per cent until the export tax rate reaches 15 per cent. The export tax collected is transferred to the provinces net of the Government of Canada's administration and legal costs. (Note: Not in thousands)

The ministry received $412 for the nine month period ended December 31, 2014 ($7,078 for the nine month period ended December 31, 2013) and there are no accruals for the three month period ended March 31, 2015 (no accruals for the three month period ended March 31, 2014). The amount of the transfer received for the three month period will vary from that estimated by the amount of administration and legal costs incurred by the Government of Canada.

(2) The 2015 amount includes derecognition of a prior year liability of $97,087 for the Climate Change and Emissions Management Fund.

MINISTRY OF ENVIRONMENT AND SUSTAINABLE RESOURCE DEVELOPMENT Schedule 2

CONSOLIDATED EXPENSES – DIRECTLY INCURRED DETAILED BY OBJECT

Year ended March 31, 2015

	2015	2014 (Restated)
	(in thousands)	
Salaries, Wages and Employee Benefits	$ 314,453	$ 315,589
Supplies and Services	389,082	307,242
Supplies and Services from Support Service Arrangements with Related Parties (1)	755	769
Grants	110,764	331,310
Financial Transactions and Other	13,514	3,197
Consumption of Inventory	673	736
Amortization of Tangible Capital Assets (Note 8)	51,803	51,199
	881,044	1,010,042
Less Recovery from Support Service Arrangements with Related Parties (2)	-	(36)
	$ 881,044	$ 1,010,006

(1) The ministry receives financial and administrative services from the Ministry of Energy.

(2) The ministry provided Information Management and Technology Services to the Ministry of Culture. Costs incurred by the ministry for these services were recovered from the Ministry of Culture.

MINISTRY OF ENVIRONMENT AND SUSTAINABLE RESOURCE DEVELOPMENT

Schedule 3

CONSOLIDATED BUDGET RECONCILIATION

Year ended March 31, 2015

	2014-15 Government Estimates		Budget of Entities Excluded from Fiscal Plan (2)	Adjustments To Conform to Accounting Policy (3)	Consolidation Adjustments	Constructed Budget
	Operational (1)	Capital (1)				
			(in thousands)			
Revenues						
Transfers from Government of Canada	$ 22,194	$ 12,299	$ -	$ 607	$ (10,000)	$ 25,100
Investment Income	1,144	-	-	-	-	1,144
Premiums, Fees and Licences	135,586	-	-	-	-	135,586
Alberta Environmental Monitoring, Evaluation and Reporting Agency	-	-	55,103	-	(55,103)	-
Climate Change and Emissions Management Fund	-	60,000	-	-	-	60,000
Other Revenue	70,646	5,000	-	1,091	(6,620)	70,117
Total Revenue	$ 229,570	$ 77,299	$ 55,103	$ 1,698	$ (71,723)	$ 291,947
Expenses						
Ministry Support Services	$ 54,805	$ -	$ -	$ -	$ -	$ 54,805
Air	18,933	-	-	-	-	18,933
Land	61,874	5,000		(5,000)	(10,000)	51,874
Water	73,644	-	-	-	-	73,644
Fish and Wildlife	32,536	-	-	-	-	32,536
Integrated Planning	19,097	-	-	-	-	19,097
Forests	204,692	16,383	-	(16,383)	-	204,692
Parks	70,487	25,965	-	(25,965)	-	70,487
Climate Change	5,038	12,299	-	-	-	17,337
Climate Change and Emissions Management	-	60,000	-	-	-	60,000
Land Use Secretariat	14,741	-	-	-	-	14,741
Science and Monitoring	15,599	800	-	(800)	-	15,599
Alberta Environmental Monitoring, Evaluation and Reporting Agency	59,000	-	55,103	-	(59,000)	55,103
Quasi-Judicial Bodies	18,127	17	-	(17)	(6,620)	11,507
2013 Alberta Flooding	13,465	25,600	-	(600)	-	38,465
Total Expense	$ 662,038	$ 146,064	$ 55,103	$ (48,765)	$ (75,620)	$ 738,820
Net Operating Results	$ (432,468)	$ (68,765)	$ -	$ 50,463	$ 3,897	$ (446,873)

The purpose of the constructed budget is to show a comparison with the actual operating results under the same reporting basis on the consolidated statement of operations.

(1) Ministry's estimate as per the 2014-15 Government Estimates.
(2) Budgets of EFP are not included in the Fiscal Plan but have been approved by their respective board of directors.
(3) Adjustments to revenues and expenses from budgeting methodology to accounting policy for items such as deferred capital contributions, pension expense, etc.

MINISTRY OF ENVIRONMENT AND SUSTAINABLE RESOURCE DEVELOPMENT **Schedule 4**

CONSOLIDATED ALLOCATED COSTS

Year ended March 31, 2015

(in thousands)

	2015						2014
		Expenses – Incurred by Others					
Program	Expenses (1)	Accommodation Costs (2)	Legal Services (3)	Business Services (4)	Water Management Infrastructure and Parks Maintenance	Total Expenses	Total Expenses (Restated)
Ministry Support Services	$ 76,234	$ 7,054	$ 1,220	$ 1,275	$ -	$ 85,783	$ 74,554
Air	28,301	3,383	392	447	-	32,523	28,253
Land	57,052	6,744	1,387	823	-	66,006	67,011
Water	69,533	6,611	848	1,039	4,893	82,924	84,889
Fish and Wildlife	23,357	1,792	319	343	-	25,811	31,940
Integrated Planning	28,666	4,577	618	422	-	34,283	14,787
Forests	348,383	17,114	823	4,766	-	371,086	345,965
Parks	69,097	6,368	-	1,035	901	77,401	75,291
Climate Change	13,865	443	24	204	-	14,536	16,064
Climate Change Emissions Management	599	-	-	-	-	599	106,771
Land Use Secretariat	7,493	287	160	110	-	8,050	6,563
Science and Monitoring	15,251	1,481	-	1,092	-	17,824	43,660
Alberta Environmental Monitoring, Evaluation and Reporting Agency	49,820	-	-	-	-	49,820	-
Quasi-Judicial Bodies	11,121	1,180	-	164	-	12,465	12,411
2013 Alberta Flooding	82,272	-	-	-	-	82,272	175,016
	$ 881,044	$ 57,034	$ 5,791	$ 11,720	$ 5,794	$ 961,383	$ 1,083,175

(1) Expenses – Directly Incurred as per Statement of Operations.

(2) Costs shown for Accommodation on Schedule 5, allocated by full time equivalent.

(3) Costs shown for Legal Services on Schedule 5, allocated by estimated costs incurred by each program.

(4) Costs shown for Business Services include charges for air transportation for $445 on Schedule 5, allocated by costs in certain programs. Costs for Administration on Schedule 5, allocated by percentage of total costs incurred includes Administration for $10,951, Corporate Internal Audit Services (CIAS) for $141 and Corporate Human Resources Learning for $183.

MINISTRY OF ENVIRONMENT AND SUSTAINABLE RESOURCE DEVELOPMENT — Schedule 5

RELATED PARTY TRANSACTIONS

Year ended March 31, 2015

(in thousands)

Related parties are those entities consolidated or accounted for on the modified equity basis in the Province of Alberta's consolidated financial statements. Related parties also include key management personnel in the ministry.

The ministry and its employees paid or collected certain taxes and fees set by regulation for premiums, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The ministry had the following transactions with related parties recorded on the Consolidated Statement of Operations and the Consolidated Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Other Entities	
	2015	**2014 (Restated)**
Revenues		
Fees and Charges	$ 4	$ 362
	$ 4	$ 362
Expenses – Directly Incurred		
Grants	$ 2,111	$ 1,019
Other Services	12,866	13,172
	$ 14,977	$ 14,191
Tangible Capital Assets Transferred In	$ 10,665	$ 10,884
Receivable from	$ -	$ 237
Payable To	$ 1,431	$ 564
Contractual Obligations	$ -	$ 50

The above transactions do not include support service arrangement transactions disclosed in Schedule 2.

The ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the consolidated financial statements but are disclosed in Schedule 4.

	Other Entities	
	2015	**2014 (Restated)**
Revenues		
Recoveries – Services Provided	$ -	$ 36
	$ -	$ 36
Expenses – Incurred by Others		
Accommodation	$ 57,034	$ 56,954
Administration Costs	11,275	10,726
Air Transportation	445	83
Legal	5,791	5,877
Water Management Infrastructure Maintenance	4,893	4,721
Parks Maintenance	901	842
Other Services	-	2,057
	$ 80,339	$ 81,260

Department of Environment and Sustainable Resource Development

Financial Statements

Year Ended March 31, 2015

AUDITOR
GENERAL
Alberta

To the Minister of Environment and Parks

Report on the Financial Statements

I have audited the accompanying financial statements of the Department of Environment and Sustainable Resource Development, which comprise the statement of financial position as at March 31, 2015, and the statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Environment and Sustainable Resource Development as at March 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

June 5, 2015

Edmonton, Alberta

DEPARTMENT OF ENVIRONMENT AND SUSTAINABLE RESOURCE DEVELOPMENT

STATEMENT OF OPERATIONS

Year ended March 31, 2015

	2015		2014
	Constructed Budget (Schedule 4)	Actual	Actual (Restated)
	(in thousands)		
Revenues (Schedule 1)			
Government Transfers			
Government of Alberta Grants	$ 5,000	$ 2,736	$ 1,675
Government of Canada Grants	25,099	19,378	29,411
Premiums, Fees and Licences	99,157	114,685	147,498
Investment Income	1	52	42
Land Sales	5,000	4,005	5,338
Other Revenue	65,036	74,020	45,595
	199,293	214,876	229,559
Expenses – Directly Incurred (Note 2(b), Schedules 3, 5, 8, and 9)			
Programs			
Ministry Support Services	54,805	76,234	66,006
Air	18,933	28,301	25,442
Land	56,874	56,009	52,529
Water	73,644	69,533	72,643
Fish and Wildlife	32,456	23,313	27,785
Integrated Planning	19,097	28,666	9,990
Forests	167,158	308,787	312,732
Parks	70,487	69,097	71,883
Climate Change	17,337	13,865	15,051
Land Use Secretariat	14,741	7,493	5,989
Science and Monitoring	15,599	15,251	41,143
Alberta Environmental Monitoring, Evaluation and Reporting Agency	59,000	58,998	-
Quasi-Judicial Bodies	11,463	11,188	11,408
2013 Alberta Flooding (Note 15)			
Non Disaster Recovery Program Expenses	38,465	82,272	176,121
	650,059	849,007	888,722
Net Operating Results	$ (450,766)	$ (634,131)	$ (659,163)

The accompanying notes and schedules are part of these financial statements.

DEPARTMENT OF ENVIRONMENT AND SUSTAINABLE RESOURCE DEVELOPMENT

STATEMENT OF FINANCIAL POSITION

As at March 31, 2015

	2015	2014 (Restated)
	(in thousands)	
Assets		
Cash and Cash Equivalents	$ 9,076	$ 9,911
Accounts Receivable (Note 5)	68,755	62,391
Prepaid Expenses (Note 6)	8,368	9,779
Inventories	4,380	4,798
Tangible Capital Assets (Note 7)	1,541,491	1,538,529
	$ 1,632,070	$ 1,625,408
Liabilities		
Accounts Payable and Accrued Liabilities (Note 8)	$ 115,340	$ 232,137
Deferred Revenue (Note 9)	86,087	102,981
Liability for Contaminated Sites (Note 10)	1,165	1,165
	202,592	336,283
Net Assets		
Net Assets at Beginning of Year	1,289,125	1,417,212
Adjustments to Opening Net Assets(1)	10,665	10,884
Net Operating Results	(634,131)	(659,163)
Net Financing Provided from General Revenues	763,819	520,192
Net Assets at End of Year	1,429,478	1,289,125
	$ 1,632,070	$ 1,625,408

Contingent Liabilities and Contractual Obligations (Note 11 and 12)

(1) Adjustments to opening net assets includes Non-Grant Transfer of Tangible Capital Assets from Other Government Departments

The accompanying notes and schedules are part of these financial statements.

DEPARTMENT OF ENVIRONMENT AND SUSTAINABLE RESOURCE DEVELOPMENT

STATEMENT OF CASH FLOWS

Year ended March 31, 2015

	2015	2014 (Restated)
	(in thousands)	
Operating Transactions		
Net Operating Results	$ (634,131)	$ (659,163)
Non-cash Items Included in Net Operating Results		
Amortization (Note 7)	51,782	51,111
Deferred Capital Contribution recognized as Revenue (Note 9)	(1,698)	(1,702)
Deferred Revenue recognized as Revenue	(17,269)	(68,041)
Consumption of Inventory	673	736
Loss on Disposal of Tangible Capital Assets	2,953	2,557
Donation of Capital Asset	(623)	-
	(598,313)	(674,502)
(Increase) Decrease in Accounts Receivable	(6,364)	57,427
Decrease in Prepaid Expenses	1,411	953
Increase in Inventories	(255)	(1,237)
(Decrease) Increase in Accounts Payable and Accrued Liabilities	(116,797)	67,974
Increase in Deferred Revenue	2,073	67,154
Cash Applied to Operating Transactions	(718,245)	(482,231)
Capital Transactions		
Acquisition of Tangible Capital Assets (Note 7)	(46,409)	(35,582)
Proceeds on Disposal/Sale of Tangible Capital Assets	-	1,388
Cash Applied to Capital Transactions	(46,409)	(34,194)
Financing Transactions		
Net Financing Provided from General Revenues	763,819	520,192
Impact of Restatement	-	(1,665)
Cash Provided by Financing Transactions	763,819	518,527
(Decrease) Increase in Cash and Cash Equivalents	(835)	2,102
Cash and Cash Equivalents at Beginning of Year	9,911	7,809
Cash and Cash Equivalents at End of Year	$ 9,076	$ 9,911

The accompanying notes and schedules are part of these financial statements.

NOTE 1 AUTHORITY

The Department of Environment and Sustainable Resource Development (the Department) operates under the authority of the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000. The Department also operates under the authority of the following acts:

Organization	**Authority**
Department of Environment and Sustainable Resource Development	*Boundary Surveys Act* *Wildlife Act* *Fisheries (Alberta) Act* *Forests Act* *Forest and Prairies Protection Act* *Forest Reserves Act* *Mines and Minerals Act* *Public Lands Act* *Surveys Act* *Alberta Sport, Recreation, Parks and Wildlife Foundation Act* *Black Creek Heritage Rangeland Trails Act* *Provincial Parks Act*, except sections 14 and 15 *Recreation Development Act* *Wilderness Areas Ecological Reserves, Natural Areas and Heritage Rangelands Act* *Willmore Wilderness Park Act*
Surface Rights Board	*Surface Rights Act*
Land Compensation Board	*Expropriation Act*

As proud stewards of air, land, water, biodiversity and a system of provincial parks and protected areas, the Department of Environment and Sustainable Resource Development leads the achievement of desired environmental outcomes and sustainable development of natural resources for Albertans. To achieve the desired outcomes the department utilizes management, science and stewardship practices, and works closely with Albertans and representatives of communities, other governments and industry. The work takes the department into conversations across jurisdictions, including international, national, provincial, regional and local parties.

The department leads and enables the achievement of desired environmental outcomes and natural resource sustainable development to provide economic, social and environmental benefits and to enrich Albertans' quality of life. The department is part of the resource management system in the province, with a focus on provincial parks, protected areas, public lands, forests, fish and wildlife, air quality, water, waste, environmental emergencies, land reclamation and climate change. The department is responsible for overseeing the development, implementation, review and amendment of regional plans under the *Land-use*

NOTE 1 AUTHORITY (Cont'd)

Framework. The department develops and implements strategies, policies, plans, and legislation to manage the cumulative effects of human activity and achieve Albertans' desired future. To ensure Alberta's natural resources are managed and developed using innovative and responsible approaches to maximize their value while protecting Alberta's environment, the Department of Environment and Sustainable Resource Development commits to Albertans that decisions are informed, responsible and accountable and respect the right mix of opportunities and benefits to achieve desired outcomes.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian public sector accounting standards.

(a) Reporting Entity

The reporting entity is the Department of Environment and Sustainable Resource Development, which is part of the Ministry of Environment and Sustainable Resource Development and for which the Minister of Environment and Sustainable Resource Development is accountable. Other entities reporting to the Minister are the Environmental Protection and Enhancement Fund, the Natural Resources Conservation Board, the Climate Change and Emissions Management Fund, the Land Stewardship Fund, and Alberta Environmental Monitoring, Evaluation and Reporting Agency. The activities of these organizations are not included in the financial statements. The ministry annual report provides a more comprehensive accounting of the financial position and results of the ministry's operations for which the minister is accountable.

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the President of Treasury Board and Minister of Finance. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net Financing provided from General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Financial Reporting

Revenue

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as deferred revenue.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(b) Basis of Financial Reporting (Cont'd)

Government transfers

Transfers from the Government of Alberta, federal and other governments are referred to as government transfers.

Government transfers are recorded as deferred revenue if the terms of the transfer, or the stipulations together with the department's actions and communications as to the use of transfers create a liability.

All other government transfers, without terms for the use of the transfer, are recorded as revenue when the transfer is authorized and the department meets the eligibility criteria (if any).

Capital Contributions

Restricted capital contributions are recognized as deferred revenue when received and recognized as revenue over the useful life of the acquired or constructed tangible capital assets.

Credit or Recovery

Credit or Recovery initiatives provide a basis for authorizing spending. Credits or Recoveries are shown in the details of the Government Estimates for a supply vote. If budgeted revenues are not fully realized, spending is reduced by an equivalent amount. If actual credit or recovery amounts exceed budget, the department may, with the approval of the Treasury Board Committee, use the excess to fund additional expenses of the program. Schedule 2 discloses information on the department's Credit or Recovery initiatives.

Expenses

Directly Incurred

Directly incurred expenses are those costs the department has primary responsibility and accountability for, as reflected in the government's budget documents.

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

- amortization of tangible capital assets,
- pension costs, which are the cost of the employer contributions for current service of employees during the year,
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, guarantees and indemnities, and
- grants which are recognized as expenses when authorized, eligibility criteria, if any, are met and a reasonable estimate of the amount can be made.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(b) Basis of Financial Reporting (Cont'd)

Incurred by Others
Services contributed by other entities in support of the department operations are not recognized and are disclosed in Schedule 8 and allocated to programs in Schedule 9.

Assets
Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the department are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals.

Assets acquired by right are not included.

Tangible capital assets of the department are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $250,000 and the threshold for major systems enhancements is $100,000. The threshold for all other tangible capital assets is $5,000. All land is capitalized.

Contributed tangible capital assets are recorded at fair value at the time of contribution.

Amortization is only charged if the tangible capital asset is in use.

When physical assets (tangible capital assets and inventories) are gifted or sold for a nominal sum, the net book value of these physical assets less any nominal proceeds are recorded as grants in kind.

Liabilities
Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Net Assets/Net Liabilities
Net Assets/Net Liabilities represent the difference between the carrying value of assets held by the department and its liabilities.

Canadian public sector accounting standards require a "net debt" presentation for the statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as "net debt" or "net financial assets" as an indicator of the future revenues required to pay for past transactions and events. The department operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these financial statements do not report a net debt indicator.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(b) Basis of Financial Reporting (Cont'd)

Valuation of Financial Assets and Liabilities
Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of Cash and Cash Equivalents, Accounts Receivable, and Accounts Payable and Accrued Liabilities are estimated to approximate their carrying value because of the short-term nature of these instruments.

Measurement Uncertainty
(in thousands)

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount.

Royalties and Disturbance fees
Royalties and disturbance fees on dispositions, recorded as $820 in these financial statements (2014 - $1,610), are subject to measurement uncertainty.

Some revenues are predicated on self-assessment where clients are expected to understand the terms of their lease or permit and comply with them. This could impact the completeness of the revenues from royalties and disturbance fees on dispositions when clients fail to comply with the lease, permit, or disposition requirements. Although system enhancements have been made, there is still a risk that all sources of unreported income from self-assessed revenues cannot be identified. The department does not estimate the amount of unreported royalties or disposition fees.

Provision for Doubtful Accounts
The provision for doubtful accounts, expensed as $962 (2014 - $41) in these financial statements, is based on the assumption that:

- 5% of the accounts receivable between 32 and 90 days
- 50% of the accounts receivable between 91 and 365 days, and
- 100% of the accounts receivable over 365 days

at March 31, 2015 will not be collected.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(c) Change in Accounting Policy

PS 3260 Liability for Contaminated Sites
In June 2010 the Public Sector Accounting Board issued this accounting standard effective for fiscal years starting on or after April 1, 2014. Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic, or radioactive material, or live organism that exceeds an environmental standard. The department adopted this accounting standard retroactively as of April 1, 2014, but without restatement of prior period results. Upon adoption certain amounts were reclassified from Accounts Payable and Accrued Liabilities to Liability for Contaminated Sites as disclosed in Note 10.

(d) Future Accounting Changes

PS 3450 Financial Instruments
In June 2011 the Public Sector Accounting Board issued this accounting standard and subsequently extended the effective date to April 1, 2016 from April 1, 2015. The department has not yet adopted this standard and has the option of adopting it in fiscal year 2016-17 or earlier. Adoption of this standard requires corresponding adoption of: PS 2601, Foreign Currency Translation; PS 1201, Financial Statement Presentation; and PS 3041, Portfolio Investments in the same fiscal period. These standards provide guidance on: recognition, measurement, and disclosure of financial instruments; standards on how to account for and report transactions that are denominated in a foreign currency; general reporting principles and standards for the disclosure of information in financial statements; and how to account for and report portfolio investments. Management is currently assessing the impact of these standards on the financial statements.

PS 2200 Related Party Disclosures and PS 3420 Inter-Entity Transactions
In March 2015 the Public Sector Accounting Board issued PS 2200 – Related party disclosures and PS 3420 – Inter-entity transactions. These accounting standards are effective for fiscal years starting on or after April 1, 2017.

- PS 2200 – Related party disclosures defines a related party and identifies disclosures for related parties and related party transactions, including key management personnel and close family members.
- PS 3420 – Inter-entity transactions, establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

Management is currently assessing the impact of these new standards on the financial statements.

NOTE 3 GOVERNMENT REORGANIZATION

(in thousands)

During the year, the department restated the financial statements previously presented for the effects of changes resulting from program transfers from another department of government.

The Department of Tourism, Parks and Recreation transferred responsibilities for Program 5 – Parks, related Ministry Support Services, and 2013 Alberta Flooding to the Department of Environment and Sustainable Resource Development as a result of restructuring of government ministries announced on September 15, 2014. Comparatives for 2014 have been restated as if the department had always been assigned with its current responsibilities.

NOTE 4 RESTATEMENT OF PRIOR YEAR

(in thousands)

Net Assets (Liabilities) as previously reported at March 31, 2013	$ 1,048,429
Transfer of Aboriginal Consultation Office to Department of Aboriginal Relations	98
Transfer of Parks	368,685
Restated Net Assets (Liabilities) at March 31, 2013	$ 1,417,212

Accounts Payable and Accrued Liabilities reported at March 31, 2014	$ 221,937
Transfer of Aboriginal Consultation Office to Department of Aboriginal Relations	(159)
Transfer of Parks	11,524
Contaminated Site Liability Restatement	(1,165)
Restated Accounts Payable and Accrued Liabilities at March 31, 2014	$ 232,137

Net Operating Results as previously reported at March 31, 2014	$ (604,436)
Transfer of Aboriginal Consultation Office to Department of Aboriginal Relations	1,947
FTE Transfer to Department of Justice and Solicitor General	144
Transfer from Executive Council for Public Affairs Officer	(201)
Transfer of Parks	(56,617)
Restated Net Operating Results at March 31, 2014	$ (659,163)

NOTE 5 ACCOUNTS RECEIVABLE

(in thousands)

Accounts receivable are unsecured and non-interest bearing.

	2015			2014
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value (Restated)
Accounts Receivable	$ 71,680	$ (2,925)	$ 68,755	$ 62,391

NOTE 6 PREPAID EXPENSES

(in thousands)

The amount of $8,368 (2014 - $9,779) includes a prepayment for future access rights under the Bassano Dam settlement agreement with the Siksika Nation. The prepaid access rights will be expensed annually over the remaining 10 years at $1,025 per year.

NOTE 7 TANGIBLE CAPITAL ASSETS

(in thousands)

	Land[1]	Buildings	Equipment[2]	Computer Hardware and Software	Land Improve-ments	Highways and Roads	Dam & Water Management Structures[3]	Other[4]	2015 Total	2014 Total (Restated)
Estimated Useful Life	Indefinite	10-50 years	3-40 years	3-10 years	10-40 years	20-50 years	20-80 years	3-50 years		
Historical Costs[5]										
Beginning of year	$259,051	$249,821	$ 115,161	$ 74,143	$ 283,274	$117,413	$ 1,223,795	$ 110,180	$2,432,838	$2.390,824
Additions	3,640	3,200	2,830	4,010	10,023	6,035	3,083	14,211	47,032	35,629
Disposals, including write-downs	(4)	(842)	(1,585)	(1,951)	(25)	-	-	(52)	(4,459)	(4,517)
Transfer In	3,744	-	-	-	-	-	6,928	-	10,672	11,949
Transfer Out	-	-	(7)	-	-	-	-	-	(7)	(1,047)
Asset Reclassification In (Out)	(46)	1777	(839)	(12)	(186)	1,885	-	(2,579)	-	-
	$266,385	$253,956	$ 115,560	$ 76,190	$ 293,086	$125,333	$ 1,233,806	$ 121,760	$2,486,076	$2,432,838
Accumulated Amortization										
Beginning of year	$ -	$116,724	$ 69,132	$ 48,988	$ 159,089	$ 59,512	$ 402,092	$ 38,772	$ 894,309	$ 844,950
Amortization expense	-	6,840	7,372	5,885	6,377	4,253	18,226	2,829	51,782	51,111
Effect of disposals	-	(477)	(574)	(381)	(35)	-	-	(39)	(1,506)	(1,752)
	$ -	$ 123,087	$75,930	$ 54,492	$165,431	$ 63,765	$ 420,318	$ 41,562	$ 944,585	$ 894,309
Net Book Value at March 31, 2015	$ 266,385	$130,869	$ 39,630	$ 21,698	$127,655	$ 61,568	$ 813,488	$ 80,198	$1,541,491	
Net Book Value at March 31, 2014	$ 259,051	$133,097	$ 46,029	$ 25,155	$ 124,185	$ 57,901	$ 821,703	$ 71,408		$1,538,529

(1) Land includes land acquired for building sites, infrastructure and other program use.

(2) Equipment includes office, laboratory, heavy and mobile equipment, vehicles and furniture.

(3) Dams and water management structures include dams, reservoirs, weirs, canals, dykes, ditches, channels, diversions, cut-offs, pump houses and erosion protection structures, which are constructed by the Department of Transportation and transferred to the Department of Environment and Sustainable Resource Development upon their completion.

(4) Other consists of aircraft and aircraft engines.

(5) Historical costs include work-in-progress at March 31, 2015 totalling $87,212 (2014 - $56,150) comprised of: buildings $11,592 (2014 - $9,037); equipment $8,342 (2014 - $8,829); computer hardware and software $7,577 (2014 - $7,553); land improvements $26,833 (2014 - $17,042); dam improvements $10,012 (2014 - $9,710), other $18,427 (2014 - $2,926); Highways and Roads $847 (2014 - $784) and Land $3,582 (2014 - $269). Historical costs also include asset classification changes.

All intangibles inherited by right of the Crown such as Crown lands, forests, water and mineral resources are not recognized in these financial statements.

NOTE 8 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

(in thousands)

	2015	2014 (Restated)
Payable to other entities	$ 17,717	$ 1,068
Accrued liabilities	52,877	185,361
Site reclamation obligations	-	15
Accounts payable general	15,296	17,373
Vacation pay	29,450	28,320
	$ 115,340	$ 232,137

NOTE 9 DEFERRED REVENUE

(in thousands)

	2015	2014 (Restated)
Unearned revenue	$ 69,023	$ 84,219
Unspent deferred capital contribution liability (i)	4,651	4,909
Spent deferred capital contributions (ii)	12,413	13,853
	$ 86,087	$ 102,981

(i) Unspent deferred capital contribution liability

	2015	2014
	Federal government	Total (Restated)
Balance, beginning of year	$ 4,909	$ 5,172
Transferred to spent deferred capital contributions	(258)	(263)
Balance, end of year	$ 4,651	$ 4,909

(ii) Spent deferred capital contributions

	2015			2014
	Federal government	Non-government	Total	Total (Restated)
Balance, beginning of year	$ 4,034	$ 9,819	$13,853	$ 15,292
Transferred from unspent deferred capital contribution	258	-	258	263
Less amounts recognized as revenue	(607)	(1,091)	(1,698)	(1,702)
Balance, end of year	$ 3,685	$ 8,728	$12,413	$ 13,853

NOTE 10 LIABILITY FOR CONTAMINATED SITES

(in thousands)

The composition of liabilities is as follows:

	Total	
	2015	2014
Reclassification from accrued liabilities	$ 1,165	$ 1,191
Change in estimate related to existing sites	-	(26)
Liabilities, end of year	$ 1,165	$ 1,165

The department has accepted responsibility to perform remediation work and is currently monitoring at the West Arrowwood, Parkland Underground Storage Tanks and Huck Finn Food and Gas Bar sites to ensure that residual contamination is stable and not migrating. If monitoring results show increases in contaminants or migration offsite, further remediation would be considered.

NOTE 11 CONTINGENT LIABILITIES

(in thousands)

The department is involved in legal matters where damages are being sought. These matters may give rise to contingent liabilities.

Accruals have been made in specific instances where it is likely that losses will be incurred based on a reasonable estimate. As at March 31, 2015 accruals totalling $411 (2014: $0) have been recorded as a liability. The total amount claimed for all likely claims is $679 (2014: $450). Included in the total likely claims are claims covered in whole or part by the Alberta Risk Management Fund (ARMF). The resulting additional liability, if any, from likely claims in excess of the amounts covered by the ARMF is not determinable.

The department has been named in 26 (2014: 32) claims of which the outcome is not determinable. Of these claims, 19 (2014: 26) have specified amounts totalling $245,175 (2014: $823,515). The remaining seven (2014: six) claims have no amounts specified. Included in the total claims, eight claims totalling $207,003 (2014: 11 claims totalling $783,731) are covered in whole or in part by the ARMF.

The resolution of indeterminable claims may result in a liability, if any, that may be significantly lower than the claimed amount.

NOTE 12 CONTRACTUAL OBLIGATIONS

(in thousands)

Contractual obligations are obligations of the department to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	Total	
	2015	2014 (Restated)
Service Contracts	$ 109,629	$ 116,011
Long-term leases	1,976	2,657
Grants		
Canada ecoTrust for Clean Air and Climate Change	7,100	18,350
Various other programs	78,952	1,564
	$ 197,657	$ 138,582

Estimated payment requirements for each of the next five years and thereafter are as follows:

	Service Contracts	Long-term Leases	Grants	Total
2015-16	$ 33,080	$ 449	$ 85,713	$ 119,242
2016-17	14,834	231	113	15,178
2017-18	11,524	172	113	11,809
2018-19	10,349	172	113	10,634
2019-20	9,364	144	-	9,508
Thereafter	30,478	808	-	31,286
	$ 109,629	$ 1,976	$ 86,052	$ 197,657

NOTE 13 BENEFIT PLANS

(in thousands)

The department participates in the multi-employer pension plans: Management Employees Pension Plan, Public Service Pension Plan and Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contribution of $28,354 for the year ended March 31, 2015 (2014 – $28,311). Departments are not responsible for future funding of the plan deficit other than through contribution increases.

At December 31, 2014, the Management Employees Pension Plan reported a surplus of $75,805 (2013 – surplus of $50,457), the Public Service Pension Plan reported a deficiency of $803,299 (2013 - deficiency $1,254,678) and the Supplementary Retirement Plan for Public Service Managers reported a deficiency of $17,203 (2013 – deficiency $12,384).

The department also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2015, the Bargaining Unit Plan reported an actuarial surplus of $86,888 (2014 – surplus $75,200) and the Management, Opted Out and Excluded Plan an actuarial surplus of $32,343 (2014 – surplus $24,055). The expense for these two plans is limited to employer's annual contributions for the year.

NOTE 14 TRUST FUNDS UNDER ADMINISTRATION

(in thousands)

The department administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the department's financial statements.

At March 31, 2015 trust funds under administration were as follows:

	2015	2014 (Restated)
Miscellaneous General Trust (Lands)	$ 30,111	$ 28,479
Performance Deposit Trust	1,699	2,191
Forests Act Securities General Trust	1,772	1,902
Environmental Protection Security Fund	18,233	17,111
Parks	916	887
	$ 52,731	$ 50,570

In addition to the above trust funds under administration, the department holds bank guarantees in the form of letters of credit and promissory notes as follows:

	2015	2014 (Restated)
Miscellaneous General Trust (Lands)	$ 30,775	$ 24,815
Performance Deposit Trust	6,598	4,110
Forests Act Securities General Trust	1,286	1,158
Environmental Protection Security Fund	191,834	178,123
Parks	6,776	8,015
	$ 237,269	$ 216,221

NOTE 15 2013 ALBERTA FLOODING

The full recovery from the June 2013 flood in southern Alberta will take a number of years. The Province's flood recovery initiatives, through its Disaster Recovery Program (DRP), provides financial assistance to impacted individuals, small businesses, municipalities, and government departments for uninsurable loss and damage. The DRP is administered and funded by the Alberta Emergency Management Agency of the Department of Municipal Affairs through the authority of the *Disaster Recovery Regulation*.

The Province's flood recovery initiatives include non-disaster recovery programs (non-DRP). Costs associated with non-disaster recovery programs are recognized as they are incurred. These costs are net of recoveries from insurance and other third parties.

NOTE 16 SUBSEQUENT EVENTS

The following changes were made as a result of a new Cabinet announced on May 24, 2015 and Order in Council number 121/2015:

1. The name of the Department was changed to Department of Environment and Parks.
2. Certain programs were transferred from the Department of Environment and Parks to the newly renamed Department of Agriculture and Forestry or to their joint responsibilities. Concurrently, responsibility for certain sections of the *Environmental Protection and Enhancement Act* were transferred to the common responsibility of the Department of Environment and Parks and the Department of Agriculture and Forestry.

A reasonable estimate of the impact on the results of operations of the Department of Environment and Parks cannot be made at this stage.

NOTE 17 COMPARATIVE FIGURES

Certain 2014 figures have been reclassified to conform to the 2015 presentation.

NOTE 18 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the senior financial officer and the deputy minister.

DEPARTMENT OF ENVIRONMENT AND SUSTAINABLE RESOURCE DEVELOPMENT Schedule 1

SCHEDULE TO FINANCIAL STATEMENTS

REVENUES

Year ended March 31, 2015

	2015 Constructed Budget	2015 Actual	2014 Actual (Restated)
	(in thousands)		
Government of Alberta Grants			
Reclamation and Emergency Preparedness	$ -	$ -	$ 1,546
Transfer from Land Stewardship Fund	5,000	2,736	129
	5,000	2,736	$ 1,675
Government of Canada Grants			
Softwood Lumber Agreement (1)	7,962	412	7,078
Canada ecoTrust for Clean Air and Climate Change	12,299	12,175	15,449
Air Quality Health Index	-	65	168
Other	4,838	6,726	6,716
	25,099	19,378	29,411
Premiums, Fees and Licences			
Timber Royalties and Fees	43,200	57,341	61,201
Land and Grazing	30,344	34,083	62,958
Camp Ground Fees	7,835	12,258	11,582
Other	17,778	11,003	11,757
	99,157	114,685	147,498
Investment Income	1	52	42
Land Sales	5,000	4,005	5,338
Other Revenue			
Refunds of Expenses	-	3,007	2,438
Water Resources	2,000	2,677	3,933
Joint Oil Sands Monitoring	50,000	49,998	22,141
Various	13,036	18,338	17,083
	65,036	74,020	45,595
Total Revenues	$ 199,293	$ 214,876	$ 229,559

(1) The Softwood Lumber Agreement, 2006 requires the Minister of Natural Resources of the Government of Canada to collect a softwood lumber export tax on lumber export products to the United States. The export tax levels are based upon *the Random Lengths* Composite Framing Lumber Price Index (CFLPI). Above a CFLPI level of US$355 the export tax rate is 0 per cent. As the CFLPI falls below US$355, this tax rate increases in increments of 5 per cent until the export tax rate reaches 15 per cent. The export tax collected is transferred to the provinces net of the Government of Canada's administration and legal costs. (Note: Not in thousands)

The department received $412 for the nine month period ended December 31, 2014 ($7,078 for the nine month period ended December 31, 2013) and there are no accruals for the three month period ended March 31, 2015 (there were no accruals for the three month period ended March 31, 2014). The amount of the transfer received for the three month period will vary from that estimated by the amount of administration and legal costs incurred by the Government of Canada.

DEPARTMENT OF ENVIRONMENT AND SUSTAINABLE RESOURCE DEVELOPMENT Schedule 2

SCHEDULE TO FINANCIAL STATEMENTS

CREDIT OR RECOVERY

Year ended March 31, 2015

	2015				
	Authorized (1)	Actual Revenue Recognized	Deferred Revenue	Actual Cash/ Donation Received/ Receivable	(Shortfall) /Excess
			(In thousands)		
Federal Government Forestry Programs	$ 50	$ -	$ -	$ -	$ (50)
Bow Habitat Station	100	246	-	246	146
Forestry Youth Programs	255	197	-	197	(58)
Water Management Infrastructure	2,040	2,452	-	2,452	412
Hinton Training Centre	250	163	-	163	(87)
Alberta Tree Improvement Centre	234	669	-	669	435
Reclamation/Remediation Certificates	750	3	-	3	(747)
Air Quality Health Index	65	65	-	65	-
Forest Reforestation	25	-	-	-	(25)
Spatial Data Warehouse	3,150	2,446	495	2,941	(209)
Mountain Pine Beetle Control Funding – Province of Saskatchewan	1,250	1,100	-	1,100	(150)
Fish and Wildlife	7,275	8,198	539	8,737	1,462
Joint Oil Sands Monitoring	50,000	49,998	-	49,998	(2)
Parks Operations	15,102	16,542	2,138	18,680	3,578
Parks Infrastructure Management	2,388	2,124	447	2,571	183
	$ 82,934	$ 84,203	$ 3,619	$ 87,822	$ 4,888

(1) The authorized budget for credits or recoveries includes Adjustments appearing on Schedule 5. Treasury Board approval is pursuant to Section 24 (2) of the *Financial Administration Act*. Only expenditures are authorized.

Federal Government Forestry Programs – Revenue is collected through agreements with the Government of Canada to fund various forestry programs such as the country-wide framework for synthesizing data and reporting on the status of Canadian forests, as well as conducting risk analysis impacts of national significance.

Bow Habitat Station – Revenues are from admissions, concessions, programs, special events, rentals, membership and donations which are used to offset the visitor centre's operating expenses.

Forestry Youth Programs – Forestry Youth Employment Initiatives are delivered by the Department in partnership with industry, communities, and other government departments to promote career opportunities for youth related to forestry and other natural resource fields.

Water Management Infrastructure credit of recovery initiative refers to the maintenance and upgrading of the provincial water management infrastructure system. Revenues are received through the Use of Works Agreements whereby developers pay an annual fee to the Government of Alberta.

Hinton Training Centre initiative was established for the purpose of collecting revenue for room and board, for classroom utilization, and the sale of interactive fire compact discs for national and international studies.

Alberta Tree Improvement Centre initiative accounts for the scientific work, resource conservation, and technology transfer related to regional forest improvement in the Peace Region.

Reclamation Certificates credit or recovery initiative refers to the costs of conducting audits at sites that are certified under the upstream oil and gas reclamation program. Revenues are received through a reclamation certificate application fee.

Remediation Certificate credit of recovery initiative refers to the costs of conducting site audits that are certified under Environment and Sustainable Resource Development's new remediation certificate regulation. Revenues are received through a remediation site certificate application fee.

Air Quality Health Index credit or recovery initiative refers to the communication efforts that support the implementation of the national Air Quality Health Index in the province. Revenue is collected through an agreement with Health Canada as part of the federal Air Quality Health Index National Outreach Strategy.

Forest Reforestation – The program is designed to assist forest companies to adopt the new Alternate Regeneration Survey (ARS) standards and survey protocols by facilitating the process of photo acquisition to ensure aerial photo standardization.

Spatial Data Warehouse initiative was established for updating and distributing provincial base maps, including cadastral, disposition, and topographic mapping. Revenue for this initiative is from filing fees for cadastral and disposition mapping collected at the time of registration, revenue sharing with Spatial Data Warehouse Ltd., provincial base map sales, and partnership funding for topographic map updating.

Mountain Pine Beetle – The Government of Saskatchewan has provided funding to assist with mountain pine beetle control for fiscal year 2014-15.

Fish and Wildlife initiative promotes industry stewardship and investment in this provincial resource and fosters improved industry relationships with other stakeholders.

Joint Oil Sands Monitoring – a Joint implementation Plan developed by the Governments of Alberta and Canada to build and enhance the current monitoring program in the oil sands area. Revenue will be collected from industry, to be disbursed to those parties who are currently delivering monitoring services within the area.

Parks Operations – Parks collects various fees and other revenues through the *Parks Act* that are used to partially offset the cost of providing services. These include fees for the use of campgrounds, park facilities and lands, heritage appreciation services (e.g. interpretive bus tours), as well as; contributions, sponsorships, donations, grants and payments by corporations, private sector operators, foundations, individuals and other.

Parks Infrastructure Management – Parks collects a levy for facility redevelopment within the fees charged for use of campgrounds and park facilities through the *Parks Act*, as well as; contributions, sponsorships, donations, grants and payments by corporations, private sector operators, foundations, individuals and others. This revenue is then used to manage infrastructure within provincial parks.

Note: The credits or recoveries presented in this schedule are included in the department's Statement of Operations.

DEPARTMENT OF ENVIRONMENT AND SUSTAINABLE RESOURCE DEVELOPMENT Schedule 3

SCHEDULE TO FINANCIAL STATEMENTS

EXPENSES – DIRECTLY INCURRED DETAILED BY OBJECT

Year ended March 31, 2015

	2015		2014
	Constructed Budget	Actual	Actual (Restated)
		(in thousands)	
Salaries, Wages and Employee Benefits	$ 290,320	$ 279,965	$ 288,913
Supplies and Services	211,884	216,542	208,116
Supplies and Services from Support Service Arrangements with Related Parties [1]	750	755	769
Grants	82,386	286,064	330,876
Financial Transactions and Other	3,108	8,975	3,197
Land Stewardship Fund	5,000	4,251	4,991
Consumption of Inventory	1,310	673	736
Amortization of Tangible Capital Assets	55,301	51,782	51,160
Total Expenses Before Recoveries	$ 650,059	$ 849,007	$ 888,758
Less Recovery from Support Service Arrangements with Related Parties [2]	-	-	(36)
	$ 650,059	$ 849,007	$ 888,722

(1) The department receives financial and administrative services from the Department of Energy.

(2) The department provided Information Management and Technology Services to the Department of Culture. Costs incurred by the Department for these services were recovered from the Department of Culture.

SCHEDULE TO FINANCIAL STATEMENTS

BUDGET RECONCILIATION

Year ended March 31, 2015

	2014-15 Estimate (1)	Adjustments to Conform to Accounting Policy (2)	2014-15 Constructed Budget
		(in thousands)	
Revenues			
Transfer from Land Stewardship Fund	$ 5,000	$ -	$ 5,000
Transfers from Government of Canada	12,194	12,905	25,099
Other Premiums, Fees and Licences	99,157	-	99,157
Investment Income	1	-	1
Land Sales	5,000	-	5,000
Other Revenue	58,945	6,091	65,036
	180,297	18,996	199,293
Expenses – Directly Incurred			
Programs			
Ministry Support Services	54,805	-	54,805
Air	18,933	-	18,933
Land	56,874	-	56,874
Water	73,644	-	73,644
Fish and Wildlife	32,456	-	32,456
Integrated Planning	19,097	-	19,097
Forests	167,158	-	167,158
Parks	70,487		70,487
Climate Change	5,038	12,299	17,337
Land Use Secretariat	14,741	-	14,741
Science and Monitoring	15,599	-	15,599
Alberta Environmental Monitoring, Evaluation and Reporting Agency	59,000	-	59,000
Quasi-Judicial Bodies	11,463	-	11,463
2013 Alberta Flooding	13,465	25,000	38,465
	612,760	37,299	650,059
Net Operating Results	$ (432,463)	$ (18,303)	$ (450,766)
Capital Spending	$ 86,047	$ (37,299)	$ 48,748
Financial Transactions	$ 1,410	$ -	$ 1,410

(1) The 2014-15 Government Estimates on the Statement of Operations does not differentiate between amounts not required to be voted and voted expenses. Valuation adjustments are allocated to each program.

(2) Accounting Adjustments are in accordance with PS 1200.125 and include:

  a. Adjustment for Revenues:
    i. Deferred Capital Contribution recognized as revenue,
    ii. Capital revenues (i.e. Transfer from government of Canada, premiums, fees, licenses, other, etc.) shown under "Capital Revenue" in the 2014-15 Government Estimates;

  b. Adjustments for Expenses:
    i. Operating expense included in Capital Spending (e.g. debt services costs, capital grants).

DEPARTMENT OF ENVIRONMENT AND SUSTAINABLE RESOURCE DEVELOPMENT Schedule 5

SCHEDULE TO FINANCIAL STATEMENTS

LAPSE/ENCUMBRANCE

Year ended March 31, 2015

	Voted Estimate (1)	Supplementary Estimate (2)	Adjust-ments (3)	Adjusted Voted Estimate	Voted Actuals (4)	Unexpended (Over Expended)
			(in thousands)			
Program Operating						
Ministry Support Services						
1.1 Minister's Office	$ 965	$ -	$ -	$ 965	$ 751	$ 214
1.2 Deputy Minister's Office	836	-	-	836	732	104
1.3 Communications	3,492	-	-	3,492	3,677	(185)
1.4 Human Resources	4,673	-	-	4,673	4,887	(214)
1.5 Legal Services	481	-	-	481	331	150
1.6 Corporate Services	42,935	(3,165)	-	39,770	55,993	(16,223)
	53,382	(3,165)	-	50,217	66,371	(16,154)
Air						
2.1 Air Policy	3,716	-	65	3,781	7,672	(3,891)
2.2 Air Partners and Stewardship	6,519	(2,300)	-	4,219	12,404	(8,185)
2.3 Air Quality Management	8,698	(200)	-	8,498	6,808	1,690
	18,933	(2,500)	65	16,498	26,884	(10,386)
Land						
3.1 Land Policy	13,733	-	-	13,733	5,843	7,890
3.2 Public Land Management	28,435	(600)	(1,500)	26,335	25,707	628
3.3 Rangeland Management	7,065	(300)	-	6,765	8,833	(2,068)
	49,233	(900)	(1,500)	46,833	40,383	6,450
Water						
4.1 Water Policy	6,290	-	-	6,290	5,523	767
4.2 Water Partners and Stewardship	8,237	(900)	-	7,337	3,434	3,903
4.3 Water Management	35,219	(300)	40	34,959	36,700	(1,741)
	49,746	(1,200)	40	48,586	45,657	2,929
Fish and Wildlife						
5.1 Fisheries Management	7,610	(300)	-	7,310	7,281	29
5.2 Wildlife Management	24,063	(300)	-	23,763	15,884	7,879
	31,673	(600)	-	31,073	23,165	7,908
Integrated Planning	19,097	(350)	(1,500)	17,247	28,626	(11,379)
Forests						
7.1 Wildfire Management and Emergency Response	112,237	147,700	-	259,937	226,816	33,121
7.2 Flat Top Complex	8,140	-	-	8,140	5,049	3,091
7.3 Forest Management	29,865	39,850	-	69,715	59,555	10,160
7.4 Forest Industry Development	4,276	-	-	4,276	5,326	(1,050)
	154,518	187,550	-	342,068	296,746	45,322
Parks						
8.1 Program Support	954	-	-	954	999	(45)
8.2 Parks Program Coordinator	4,929	-	-	4,929	4,275	654
8.3 Parks Operations	39,276	-	443	39,719	40,037	(318)
8.4 Parks Infrastructure Management	7,346	-	-	7,346	7,630	(284)
	52,505	-	443	52,948	52,941	7
Climate Change	5,038	-	-	5,038	3,109	1,929
Land Use Secretariat	14,741	(1,250)	-	13,491	7,494	5,997

DEPARTMENT OF ENVIRONMENT AND SUSTAINABLE RESOURCE DEVELOPMENT Schedule 5

SCHEDULE TO FINANCIAL STATEMENTS (Cont'd)

LAPSE/ENCUMBRANCE

Year ended March 31, 2015

	Voted Estimate (1)	Supplementary Estimate (2)	Adjustments (3)	Adjusted Voted Estimate	Voted Actuals (4)	Unexpended (Over Expended)
			(in thousands)			
Science and Monitoring						
11.1 Environmental Science	15,599	-	-	15,599	15,195	404
	15,599	-	-	15,599	15,195	404
Alberta Environmental Monitoring, Evaluation and Reporting Agency						
12.1 Joint Oil Sands Monitoring	50,000	-	-	50,000	49,998	2
12.2 Monitoring, Evaluation and Reporting	9,000	-	-	9,000	9,000	-
	59,000	-	-	59,000	58,998	2
Quasi-Judicial Bodies						
13.1 Natural Resources Conservation Board	6,620	(700)	-	5,920	5,920	-
13.2 Surface Rights and Land Compensation Boards	3,058	-	-	3,058	3,653	(595)
13.3 Environmental Appeals Board	1,274	-	-	1,274	1,067	207
13.4 Public Lands Appeal Board	503	-	-	503	540	(37)
	11,455	(700)	-	10,755	11,180	(425)
2013 Alberta Flooding						
14.1 Infrastructure Recovery	10,000	14,160	-	24,160	11,056	13,104
14.2 Community Stabilization	-	-	-	-	10	(10)
14.3 Flood Hazard Mapping	3,465	969	-	4,434	1,557	2,877
14.4 Parks Flood Recovery	-	8,000	-	8,000	9,787	(1,787)
	13,465	23,129	-	36,594	22,410	14,184
Total	$548,385	$ 200,014	$ (2,452)	$ 745,947	$699,159	$ 46,788
Lapse/(Encumbrance)						$ 46,788
Program – Capital						
Ministry Support Services						
1.6 Corporate Services	$ -	$ -	$ 3,000	$ 3,000	$ 2,848	$ 152
Air						
2.1 Air Policy	-	-	-	-	1,425	(1,425)
Land						
3.2 Public Land Management	5,000	-	-	5,000	2,737	2,263
3.3 Rangeland Management	-	-	-	-	279	(279)
Fish and Wildlife						
5.1 Fisheries Management	-	-	-	-	31	(31)
Forests						
7.1 Wildfire Management and Emergency Response	16,383	-	12,978	29,361	21,718	7,643
7.3 Forest Management	-	-	-	-	12	(12)
Parks						
8.4 Parks Infrastructure Management	16,720	-	638	17,358	14,306	3,052
Climate Change	12,299	4,000	-	16,299	10,760	5,539
Land Use Secretariat	-	-	-	-	175	(175)
Science and Monitoring						
11.1 Environmental Science	800	-	-	800	715	85
Alberta Environmental Monitoring, Evaluation and Reporting Agency						
12.2 Monitoring, Evaluation and Reporting	-	-	-	-	15	(15)

DEPARTMENT OF ENVIRONMENT AND SUSTAINABLE RESOURCE DEVELOPMENT Schedule 5

SCHEDULE TO FINANCIAL STATEMENTS (Cont'd)

LAPSE/ENCUMBRANCE

Year ended March 31, 2015

	Voted Estimate (1)	Supplementary Estimate (2)	Adjust-ments (3)	Adjusted Voted Estimate	Voted Actuals (4)	Unexpended (Over Expended)
			(in thousands)			
2013 Alberta Flooding						
14.1 Infrastructure Recovery	600	3,000	-	3,600	4,599	(999)
14.2 Community Stabilization	25,000	38,727	-	63,727	58,577	5,150
14.4 Parks Flood Recovery	9,245	2,358	-	11,603	728	10,875
Total	$ 86,047	$ 48,085	$ 16,616	$ 150,748	$118,925	$ 31,823
Lapse/(Encumbrance)						$ 31,823
Financial Transactions						
Environmental Site Liability Retirement						
Water						
4.3 Water Management	$ 100	$ -	$ -	$ 100	$ 15	$ 85
Acquisition of Inventory						
Forests						
7.1 Wildfire Management and Emergency Response	1,310	-	-	1,310	1,149	161
Total	$ 1,410	$ -	$ -	$ 1,410	$ 1,164	$ 246
Lapse/(Encumbrance)						$ 246

(1) As per "Operational vote by Program", "Voted Capital Vote by Program" and "Financial Transaction Vote by Program" page 78, 79 and 80 of 2014-15 Government Estimates.

(2) Per the Supplementary Supply Estimates approved on March 10, 2015.

(3) Adjustments include encumbrances, capital carry forward amounts and credit or recovery increases approved by Treasury Board and credit or recovery shortfalls. An encumbrance is incurred when, on a vote by vote basis, the total of actual disbursements in the prior year exceed the total adjusted estimate. All calculated encumbrances from the prior year are reflected as an adjustment to reduce the corresponding Voted Estimate in the current year.

(4) Actuals exclude non-voted amounts such as amortization and valuation adjustments.

DEPARTMENT OF ENVIRONMENT AND SUSTAINABLE RESOURCE DEVELOPMENT Schedule 6

SCHEDULE TO FINANCIAL STATEMENTS

LOTTERY FUND ESTIMATES

Year ended March 31, 2015

	2014-15 Lottery Fund Estimates	2014-15 Actual *(in thousands)*	Unexpended (Over Expended)
Integrated Planning	$ 500	$ 500	$ -

The revenue of the Lottery Fund was transferred to the Department of Treasury Board and Finance on behalf of the General Revenue Fund in 2014-15. Having been transferred to the General Revenue Fund, these monies then become part of the department's supply vote. This table shows details of the initiatives within the department that are funded by the Lottery Fund and compares it to the actual results.

DEPARTMENT OF ENVIRONMENT AND SUSTAINABLE RESOURCE DEVELOPMENT Schedule 7

SCHEDULE TO FINANCIAL STATEMENTS

SALARY AND BENEFITS DISCLOSURE

Year ended March 31, 2015

	2015				2014
	Base Salary (1)	Other Cash Benefits (2)	Other Non-cash Benefits (3)	Total	Total (Restated)
Deputy Minister (4)	$ 279,565	$ -	$ 63,757	$ 343,322	$ 358,858
Assistant Deputy Ministers					
Strategy Division	185,543	17,982	47,833	251,358	255,627
Policy and Planning Division	189,320	-	26,045	215,365	263,062
Corporate Division	188,912	-	47,889	236,801	233,825
Parks Division (8)	182,064	1,850	46,737	230,651	216,766
Integrated Resource Management Planning (6)	150,751	-	34,241	184,992	240,007
Forestry and Emergency Response Division	189,525	-	47,977	237,502	235,217
Operations Division	195,980	40,725	48,815	285,520	251,825
Policy Management Office (5)(7)	97,966	-	24,973	122,939	115,319
Regional Advisory Committee (9)	148,790	-	37,748	186,538	-

(1) Base Salary includes pensionable base pay.

(2) Other cash benefits include vacation payouts and lump sum payments. There were no bonuses paid in 2015.

(3) Other non-cash benefits include the government's share of all employee benefits and contributions or payments made on behalf of employees including pension, supplementary retirement plans, health care, dental coverage, group life insurance, short and long term disability plans, professional memberships, tuition fees and health spending benefit.

(4) Automobile provided, no dollar amount included in other non-cash benefits.

(5) The position was occupied by two individuals at different times during the year.

(6) The position was occupied from April 1, 2014 to January 12, 2015 at which time responsibilities of the Integrated Resource Management Planning Division were reallocated between the Strategy Division and Policy and Planning Division.

(7) Services are shared with the Department of Energy which contributes its own share of the cost of salary and benefits.

(8) As a result of government reorganizations, Parks was transferred to Environment and Sustainable Resource Development.

(9) In June a new role was established for the Regional Advisory Committee for the North Saskatchewan Regional Plan, and interim leadership with the Clean Air Strategic Alliance.

DEPARTMENT OF ENVIRONMENT AND SUSTAINABLE RESOURCE DEVELOPMENT Schedule 8

SCHEDULE TO FINANCIAL STATEMENTS

RELATED PARTY TRANSACTIONS

Year ended March 31, 2015

(in thousands)

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's financial statements. Related parties also include key management personnel in the department.

The department and its employees paid or collected certain taxes and fees set by regulation for premiums, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The department had the following transactions with related parties recorded on the Statement of Operations and the Statements of Financial Position at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		**Other Entities**	
	2015	**2014 (Restated)**	**2015**	**2014 (Restated)**
Revenues				
Internal Government Transfers	$ -	$ 1,546	$ -	$ -
Fees and Charges	2,736	129	4	362
	$ 2,736	$ 1,675	$ 4	$ 362
Expenses – Directly Incurred				
Grants	$ 192,607	$ 121,465	2,111	$ 1,019
Other Services	-	-	12,265	12,577
Land Stewardship Fund	4,251	4,991	-	-
	$ 196,858	$ 126,456	$ 14,376	$ 13,596
Tangible Capital Assets Transferred In	$ -	$ -	$ 10,665	$ 10,884
Receivable from	$ 20,871	$ 945	$ -	$ 237
Payable To	$ 17,717	$ 1,068	$ 1,301	$ 346
Contractual Obligations	$ 78,000	$ -	$ -	$ 50

The above transactions do not include support service arrangement transactions disclosed in Schedule 3.

DEPARTMENT OF ENVIRONMENT AND SUSTAINABLE RESOURCE DEVELOPMENT **Schedule 8**

SCHEDULE TO FINANCIAL STATEMENTS **(Cont'd)**

RELATED PARTY TRANSACTIONS

Year ended March 31, 2015

(in thousands)

The department also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements but are disclosed in Schedule 9.

	Entities in the Ministry		Other Entities	
	2015	2014 (Restated)	2015	2014 (Restated)
Revenues				
Recoveries – Services Provided	$ -	$ -	$ -	$ 36
	$ -	$ -	$ -	$ 36
Expenses – Incurred by Others				
Accommodation	$ -	$ -	$ 56,562	$ 56,495
Administration Costs	-	-	11,275	10,726
Air Transportation	-	-	445	83
Legal	-	-	5,791	5,829
Water Management	-	-	4,893	4,721
Infrastructure Maintenance Other Services	-	-	-	2,057
Parks Maintenance	-	-	901	842
	$ -	$ -	$ 79,867	$ 80,753

DEPARTMENT OF ENVIRONMENT AND SUSTAINABLE RESOURCE DEVELOPMENT **Schedule 9**

SCHEDULE TO FINANCIAL STATEMENTS

ALLOCATED COSTS

Year ended March 31, 2015

(in thousands)

	2015						**2014**
		Expenses – Incurred by Others					
Program	**Expenses [1]**	**Accommodation Costs [2]**	**Legal Services [3]**	**Business Services [4]**	**Water Management Infrastructure and Parks Maintenance**	**Total Expenses**	**Total Expenses (Restated)**
Ministry Support Services	$ 76,234	$ 7,054	$ 1,220	$ 1,275	$ -	$ 85,783	$ 74,554
Air	28,301	3,383	392	447	-	32,523	28,253
Land	56,009	6,744	1,387	823	-	64,963	64,559
Water	69,533	6,611	848	1,039	4,893	82,924	84,889
Fish and Wildlife	23,313	1,792	319	343	-	25,767	31,859
Integrated Planning	28,666	4,577	618	422	-	34,283	14,787
Forests	308,787	17,114	823	4,766	-	331,490	333,871
Parks	69,097	6,368	-	1,035	901	77,401	75,291
Climate Change	13,865	443	24	204	-	14,536	16,064
Land Use Secretariat	7,493	287	160	110	-	8,050	6,563
Science and Monitoring	15,251	1,481	-	1,092	-	17,824	43,660
Alberta Environmental Monitoring, Evaluation and Reporting Agency	58,998	-	-	-	-	58,998	-
Quasi-Judicial Bodies	11,188	708	-	164	-	12,060	12,066
2013 Alberta Flooding	82,272	-	-	-	-	82,272	175,016
	$ 849,007	$ 56,562	$ 5,791	$ 11,720	$ 5,794	$ 928,874	$ 961,432

(1) Expenses – Directly Incurred as per Statement of Operations.

(2) Costs shown for Accommodation on Schedule 8, allocated by full time equivalent.

(3) Costs shown for Legal Services on Schedule 8, allocated by estimated costs incurred by each program.

(4) Costs shown for Business Services include charges for air transportation for $445 on Schedule 8, allocated by costs in certain programs. Costs for Administration on Schedule 8, allocated by percentage of total costs incurred includes Administration for $10,951, Corporate Internal Audit Services (CIAS) for $141 and Corporate Human Resources Learning for $183.

Climate Change and Emissions Management Fund

Financial Statements

Year Ended March 31, 2015

AUDITOR
GENERAL
Alberta

Independent Auditor's Report

To the Minister of Environment and Parks

Report on the Financial Statements

I have audited the accompanying financial statements of the Climate Change and Emissions Management Fund, which comprise the statement of financial position as at March 31, 2015, and the statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Climate Change and Emissions Management Fund as at March 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

June 5, 2015

Edmonton, Alberta

CLIMATE CHANGE AND EMISSIONS MANAGEMENT FUND

STATEMENT OF OPERATIONS

Year ended March 31, 2015

	2015		2014
	Budget	Actual	Actual (Note 6)
		(in thousands)	
Revenues (Note 2(b))			
Facility Purchases of Fund Units by Sector			
Mining, Oil and Gas Extraction	$ 31,800	$ 22,094	$ 56,767
Utilities	15,000	37,898	26,377
Manufacturing	5,400	5,110	9,072
Transportation and Warehousing	7,800	12,131	14,003
Investment Income	-	1,156	552
Other Revenue (Note 5)	-	97,087	-
	60,000	175,476	106,771
Expenses – Directly Incurred (Note 2(b))			
Administration	-	599	567
Grant to the Climate Change and Emissions Management Corporation	60,000	-	106,204
	60,000	599	106,771
Net Operating Results	$ -	$ 174,877	$ -

The accompanying notes and schedules are part of these financial statements.

CLIMATE CHANGE AND EMISSIONS MANAGEMENT FUND

STATEMENT OF FINANCIAL POSITION

As at March 31, 2015

	2015	2014
	(in thousands)	
Assets		
Cash and Cash Equivalents (Note 3)	$ 154,010	$ 119,029
Accounts Receivable (Note 4)	25,867	31,799
	$ 179,877	150,828
Liabilities		
Accounts Payable and Accrued Liabilities	$ 5,000	$ 150,828
	5,000	150,828
Net Assets		
Net Assets at Beginning of Year	-	-
Net Operating Results	174,877	-
Net Assets at End of Year	174,877	-
	$ 179,877	$ 150,828

The accompanying notes and schedules are part of these financial statements.

CLIMATE CHANGE AND EMISSIONS MANAGEMENT FUND

STATEMENT OF CASH FLOWS

Year ended March 31, 2015

	2015	2014
	(in thousands)	
Operating Transactions		
Net Operating Results	$ 174,877	$ -
Decrease in Accounts Receivable	5,932	32,720
(Decrease) Increase in Accounts Payable and Accrued Liabilities	(145,828)	40,109
Cash Provided by Operating Transactions	34,981	72,829
Increase in Cash and Cash Equivalents	34,981	72,829
Cash and Cash Equivalents at Beginning of Year	119,029	46,200
Cash and Cash Equivalents at End of Year	$ 154,010	$ 119,029

The accompanying notes and schedules are part of these financial statements.

NOTE 1 AUTHORITY AND PURPOSE

The Climate Change and Emissions Management Fund (CCEMF) operates under the authority of the *Climate Change and Emissions Management Act*, Chapter C-16.7.

The CCEMF may be used only for purposes related to reducing emissions of specified gases or improving Alberta's ability to adapt to climate change.
The CCEMF operates as follows:

- Revenues in the CCEMF are primarily from purchases of fund units ($15 per tonne) used in meeting net emissions intensity limits. Facilities can also make improvements to their operations, purchase Alberta-based offsets or use emission performance credits. Emissions intensity is the ratio of greenhouse gas emissions to facilities' production for the period.
- Emissions measurement involves the use of different methodologies including estimation techniques and use of emission factors. Such techniques can involve using equipment with varying degrees of precision. Use of different techniques and emission factors will produce different results.
- Management has provided guidance to facilities and verifiers for the calculation and verification of emissions intensity. Every facility submitting a compliance report is required to have a third party verify the report at a reasonable assurance level from January 1, 2012.

The systems and processes including the offsets purchased by facilities are new and complex. Management believes that as the system evolves and more guidance is developed, the calculation of emissions intensity will be refined through improved methodologies and data quality.

Management's guidance to the tillage offset verifiers allows the verifiers to rely on the offset project developers' written attestations and records as evidence that the offsets are valid. Management has revised its guidance to require verifiers to collect sufficient evidence to support claims for tillage offsets, beginning with the 2012 compliance period.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian public sector accounting standards.

(a) Reporting Entity

The reporting entity is the CCEMF for which the Minister of Environment and Sustainable Resource Development is accountable. Other entities reporting to the minister are the Department of Environment and Sustainable Resource Development, the Environmental Protection and Enhancement Fund, the Land Stewardship Fund, the Natural Resources Conservation Board, and the Alberta Environmental Monitoring, Evaluation and Reporting Agency. The activities of these organizations are not included in these financial statements. The ministry annual report provides a more comprehensive accounting of the financial position and results of the ministry's operations for which the minister is accountable.

(b) Basis of Financial Reporting

Revenue

All revenues are reported on the accrual basis of accounting.

Facility Purchases of Fund Units
These revenues are measured from amounts assessed by management and from estimates of amounts not yet assessed based on cash and fund unit purchase information received from facilities that relates to compliance period ended December 31, 2014. Revenues also include adjustments resulting from reviews and audits of previous years' submissions.

Management has adopted a regulatory threshold on emissions and production reported by facilities when calculating emissions intensity. This threshold requires facilities to correct and re-verify submissions where errors exceed the threshold. Management can require errors below the threshold to be corrected. Uncorrected errors below the threshold have not been quantified.

Measurement Uncertainty

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount. The preparation of these financial statements requires management to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported.

The Revenues from Facility Purchases of Fund Units and accounts receivable in these financial statements are subject to measurement uncertainty because methodologies including estimation techniques and emission factors are used in emissions measurement.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

Measurement Uncertainty (cont'd)

In 2014-15, management changed the methodology in estimating the Revenues from Facility Purchases of Fund Units for the period January 1 to March 31, 2015 to account for the reporting data for each facility. This change affects revenues and accounts receivable balance. Revenues and accounts receivable also include an estimate of $22,848 for the period January 1 to March 31, 2015 (2014 - $25,546). Management estimated this amount by using 2013 and 2014 emissions and production data, 2015 production where available and including compliance preferences of each facility. Actual results could vary by a material amount.

Completeness of Revenues from Facility Purchases of Fund Units

Facilities submitting compliance reports are expected to understand and comply with the relevant legislation. This has an impact on the completeness of revenue when facilities do not fully meet the legislative requirements and, for example, report inaccurate or incomplete emissions or production data. Management has implemented systems and processes to detect and correct situations where facilities have not complied with the legislation. These systems and controls, based on areas of highest risk, include performing verifications of facility and offset project records.

Expenses

Expenses are those costs the CCEMF has primary responsibility and accountability for, as reflected in the Government's budget documents.

Grants are recognized as expenses when authorized, eligibility criteria are met and a reasonable estimate of the amount can be made.

Expenses include $599 for re-verification costs (2014 - $568) and grant payments for Climate Change and Emission Management is $0 (2014 - $106,203). Other administrative costs are paid for by the Department of Environment and Sustainable Resource Development.

Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the department are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals, as well as inventories held for resale.

Financial assets of the CCEMF are comprised of cash and accounts receivable.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

Net Assets/Net Liabilities
Net Assets/Net Liabilities represents the difference between the carrying value of assets held by the CCEMF and its liabilities.

Canadian public sector accounting standards require a "net debt" presentation for the statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as "net debt" or "net financial assets" as an indicator of the future revenues required to pay for past transactions and events. The CCEMF operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these financial statements do not report a net debt indicator.

Valuation of Financial Assets and Liabilities
Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of Cash and Cash Equivalents, Accounts Receivable, and Accounts Payable and Accrued Liabilities are estimated to approximate their carrying values because of the short term nature of these instruments.

(c) Future Accounting Changes

PS 3450 Financial Instruments
In June 2011 the Public Sector Accounting Board issued this accounting standard and subsequently extended the effective date to April 1, 2016 from April 1, 2015.

The Fund has not yet adopted this standard and has the option of adopting it in fiscal year 2016-17 or earlier. Adoption of this standard requires corresponding adoption of: PS 2601, Foreign Currency Translation; PS 1201, Financial Statement Presentation; and PS 3041, Portfolio Investments in the same fiscal period. These standards provide guidance on: recognition, measurement, and disclosure of information in financial statements; and how to account for and report portfolio investments. Management is currently assessing the impact of these standards on the financial statements.

PS 2200 Related Party Disclosures and PS 3420 Inter-Entity Transactions
In March 2015 the Public Sector Accounting Board issued PS 2200 – Related party disclosures and PS 3420 – Inter-entity transactions. These accounting standards are effective for fiscal years starting on or after April 1, 2017.

- PS 2200 – Related party disclosures defines a related party and identifies disclosures for related parties and related party transactions, including key management personnel and close family members.
- PS 3420 – Inter-entity transactions, establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(c) Future Accounting Changes (cont'd)

Management is currently assessing the impact of these new standards on the financial statements.

NOTE 3 CASH AND CASH EQUIVALENTS

The Consolidated Cash Investment Trust Fund is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high-quality short-term and mid-term fixed-income securities with a maximum term-to-maturity of three years. As at March 31, 2015, securities held by the Fund have a time-weighted return of 1.2% per annum (2014: 1.2% per annum).

NOTE 4 ACCOUNTS RECEIVABLE

Accounts receivable are unsecured and non-interest bearing.

	2015	2014
Facility Purchases of Fund Units by Sector		
Mining, Oil and Gas Extraction	$ 10,067	$ 19,361
Utilities	9,598	7,182
Manufacturing	3,061	2,118
Transportation and Warehousing	3,141	3,138
	$ 25,867	$ 31,799

NOTE 5 OTHER REVENUE

The Government of Alberta continues to review its *Climate Change Strategy* and its regulatory instruments to ensure continued effectiveness in reducing emissions. As part of the strategy renewal, the Government has also requested a review of the operations and mandate of the Climate Change and Emission Management Corporation (Corporation). As a result, management decided to derecognize the prior year liability set up as a grant to the Corporation.

NOTE 6 COMPARATIVE FIGURES

Certain 2014 figures have been reclassified to conform to the 2015 presentation.

NOTE 7 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the senior financial officer and the deputy minister.

CLIMATE CHANGE AND EMISSIONS MANAGEMENT FUND **Schedule 1**

SCHEDULE TO FINANCIAL STATEMENTS

RELATED PARTY TRANSACTIONS

Year ended March 31, 2015

(in thousands)

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's financial statements. Related parties also include key management personnel in the Climate Change and Emission Management Fund.

The fund paid or collected certain taxes and fees set by regulation for premiums, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users and have been excluded from this schedule.

The fund had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry	
	2015	**2014**
Payable To	$ -	$ 568

Environmental Protection and Enhancement Fund

Financial Statements

Year Ended March 31, 2015

AUDITOR
GENERAL
Alberta

Independent Auditor's Report

To the Minister of Environment and Parks

Report on the Financial Statements

I have audited the accompanying financial statements of the Environmental Protection and Enhancement Fund, which comprise the statement of financial position as at March 31, 2015, and the statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Environmental Protection and Enhancement Fund as at March 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

June 5, 2015

Edmonton, Alberta

ENVIRONMENTAL PROTECTION AND ENHANCEMENT FUND

STATEMENT OF OPERATIONS

Year ended March 31, 2015

	2015		2014
	Budget	Actual	Actual
	(in thousands)		
Revenues (Note 2(b))			
Transfer from the Department of Environment and Sustainable Resource Development (Note 7)	$ -	$ 131,584	$ 115,421
Premiums, Fees and Licences	36,429	39,016	12,241
Investment Income	1,105	779	983
Other Revenue	80	63	280
	37,614	171,442	128,925
Expenses – Directly Incurred (Note 2(b) and Schedule 1)			
Environment Statutory Programs	2,174	6,187	1,546
Natural Resources Emergency Program			
Forest Fires	12,000	143,148	113,317
Flat Top Complex	22,860	21,376	13,757
Forest Health Program	500	470	442
Intercept Feeding and Fencing	80	43	81
	37,614	171,224	129,143
Net Operating Results	$ -	$ 218	$ (218)

The accompanying notes and schedules are part of these financial statements.

ENVIRONMENTAL PROTECTION AND ENHANCEMENT FUND

STATEMENT OF FINANCIAL POSITION

As at March 31, 2015

		2015		2014
		(in thousands)		
Assets				
Cash and Cash Equivalents (Note 3)	$	148,320	$	152,112
Accounts Receivable		14,148		1,069
	$	162,468	$	153,181
Liabilities				
Accounts Payable and Accrued Liabilities	$	8,328	$	3,376
Deferred Revenue		-		23
Liability for Contaminated Sites (Note 4)		4,140		-
		12,468		3,399
Net Assets				
Net Assets at Beginning of Year		149,782		150,000
Net Operating Results		218		(218)
Net Assets at End of Year (Note 6)		150,000		149,782
	$	162,468	$	153,181

Contractual Obligations (Note 5)

The accompanying notes and schedules are part of these financial statements.

ENVIRONMENTAL PROTECTION AND ENHANCEMENT FUND
STATEMENT OF CASH FLOWS
Year ended March 31, 2015

	2015	2014
	(in thousands)	
Operating Transactions		
Net Operating Results	$ 218	$ (218)
(Increase) Decrease in Accounts Receivable	(13,079)	76,887
Increase (Decrease) in Accounts Payable and Accrued Liabilities	4,952	(104,387)
Decrease in Deferred Revenue	(23)	(610)
Increase in Liability for Contaminated Sites	4,140	-
Cash Applied to Operating Transactions	(3,792)	(28,328)
Decrease in Cash and Cash Equivalents	(3,792)	(28,328)
Cash and Cash Equivalents at Beginning of Year	152,112	180,440
Cash and Cash Equivalents at End of Year	$ 148,320	$ 152,112

The accompanying notes and schedules are part of these financial statements.

ENVIRONMENTAL PROTECTION AND ENHANCEMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2015

NOTE 1 AUTHORITY

The Environmental Protection and Enhancement Fund (the Fund) operates under the authority of the *Environmental Protection and Enhancement Act* (EPEA), Chapter E-12, Revised Statutes of Alberta 2000.

The components of the Fund are:

Environment Statutory Programs
Natural Resources Emergency Program

- Forest Fires
- Flat Top Complex
- Forest Health
- Intercept Feeding and Fencing

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian public sector accounting standards.

(a) Reporting Entity

The reporting entity is the Fund, which is part of the Ministry of Environment and Sustainable Resource Development (the Ministry) and for which the Minister of Environment and Sustainable Resource Development is accountable. Other entities reporting to the minister are the Department of Environment and Sustainable Resource Development, the Climate Change and Emissions Management Fund, the Land Stewardship Fund, the Natural Resources Conservation Board, and the Alberta Environmental Monitoring, Evaluation and Reporting Agency. The activities of these organizations are not included in these financial statements. The ministry annual report provides a more comprehensive accounting of the financial position and results of the ministry's operations for which the minister is accountable.

(b) Basis of Financial Reporting

Revenue

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as deferred revenue.

Government transfers
Transfers from the Government of Alberta, federal and other governments are referred to as government transfers.

Government transfers are recorded as deferred revenue if the terms of the transfer, or the stipulations together with the department's actions and communications as to the use of transfers create a liability.

All other government transfers, without terms for the use of the transfer, are recorded as revenue when the transfer is authorized and the department meets the eligibility criteria (if any).

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (cont'd)

Expenses

Directly Incurred

Directly incurred expenses are those costs the Fund has primary responsibility and accountability for, as reflected in the government's budget documents.

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include grants which are recognized as expenses when authorized, eligibility criteria, if any, are met and a reasonable estimate of the amount can be made.

Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the Fund are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals, as well as inventories held for resale.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Net Assets/Net Liabilities

Net Assets/Net Liabilities represent the difference between the carrying value of assets held by the Fund and its liabilities.

Canadian public sector accounting standards require a "net debt" presentation for the statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as "net debt" or "net financial assets" as an indicator of the future revenues required to pay for past transactions and events. The Fund operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these financial statements do not report a net debt indicator.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of Cash and Cash Equivalents, Accounts Receivable, and Accounts Payable and Accrued Liabilities are estimated to approximate their carrying values because of the short term nature of these instruments.

Measurement Uncertainty

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonable possible amount.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (cont'd)

Liability for Contaminated Sites

Liability for Contaminated Sites recorded as $4,140 in these financial statements are subject to measurement uncertainty.

These estimates are based on the current site assessment, including the source and type of the contaminant. During remediation, further site assessments and/or sampling results may materially change the estimate. These changes could be the result of factors such as expanded area of contamination; a revised assessment of the source or introduction of a new source; re-sampling at deeper depths; and cost fluctuations where remedial work is conducted over several years.

(c) Change in Accounting Policy

PS 3260 Liability for Contaminated Sites

In June 2010 the Public Sector Accounting Board issued this accounting standard effective for fiscal years starting on or after April 1, 2014. Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic, or radioactive material, or live organism that exceeds an environmental standard. The Fund adopted this accounting standard retroactively as of April 1, 2014, but without restatement of prior period results.

(d) Future Accounting Changes

PS 3450 Financial Instruments

In June 2011 the Public Sector Accounting Board issued this accounting standard and subsequently extended the effective date to April 1, 2016 from April 1, 2015.

The Fund has not yet adopted this standard and has the option of adopting it in fiscal year 2016-17 or earlier. Adoption of this standard requires corresponding adoption of: PS 2601, Foreign Currency Translation; PS 1201, Financial Statement Presentation; and PS 3041, Portfolio Investments in the same fiscal period. These standards provide guidance on: recognition, measurement, and disclosure of information in financial statements; and how to account for and report portfolio investments. Management is currently assessing the impact of these standards on the financial statements.

PS 2200 Related Party Disclosures and PS 3420 Inter-Entity Transactions

In March 2015 the Public Sector Accounting Board issued PS 2200 – Related party disclosures and PS 3420 – Inter-entity transactions. These accounting standards are effective for fiscal years starting on or after April 1, 2017.

- PS 2200 – Related party disclosures defines a related party and identifies disclosures for related parties and related party transactions, including key management personnel and close family members.
- PS 3420 – Inter-entity transactions, establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (cont'd)

(d) Future Accounting Changes (cont'd)

Management is currently assessing the impact of these new standards on the financial statements.

NOTE 3 CASH AND CASH EQUIVALENTS

The Consolidated Cash Investment Trust Fund is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high-quality short-term and mid-term fixed-income securities with a maximum term-to-maturity of three years. As at March 31, 2015, securities held by the Fund have a time-weighted return of 1.2% per annum (2014: 1.2% per annum).

NOTE 4 LIABILITY FOR CONTAMINATED SITES
(in thousands)

The composition of liabilities is as follows:

	Total	
	2015	2014
Additions to liabilities during the year	$ 4,494	$ -
Change in estimate related to existing sites	44	-
Remediation work performed	(398)	-
Liabilities, end of year	$ 4,140	$ -

The Fund has accepted responsibility to perform remediation work at the Cold Creek Ranger Station for soil and groundwater contamination caused by underground storage tanks and above ground sewage lagoons. A further assessment of sewage lagoon integrity will be performed along with remaining soil cleanup in 2015-16. After completion of the remediation, the site will be monitored for two years through soil and groundwater sampling.

The Fund has undertaken remediation work on behalf of the proponent at the Gas Plus site for soil and groundwater contamination due to health and environmental risks. The remedial work will be conducted over three years starting in 2014/15, for both onsite and offsite remediation. The liability estimate was based on a consultant's proposal to delineate, develop a contaminated site model, implement testing and remedial action plan. Recovery of compensation equal to the remediation costs will be pursued through the courts. The probability of recovery of all or some of the costs has been assessed as low and therefore, the liability has not been reduced for any potential recoveries.

NOTE 5 CONTRACTUAL OBLIGATIONS

(in thousands)

Contractual obligations are obligations of the Fund to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	2015	2014
Service Contracts	$ 31,971	$ 32,888

Estimated payment requirements for each of the next five years and thereafter are as follows:

	Service Contracts	Total
2015-16	$ 16,533	$ 16,533
2016-17	12,408	12,408
2017-18	1,499	1,499
2018-19	1,531	1,531
2019-20	-	-
Thereafter	-	-
	$ 31,971	$ 31,971

NOTE 6 NET ASSETS

(in thousands)

The net assets for the Fund are capped at $150,000 in accordance with a Treasury Board decision.

NOTE 7 TRANSFER FROM THE DEPARTMENT OF ENVIRONMENT AND SUSTAINABLE RESOURCE DEVELOPMENT

(in thousands)

The following revenue was received or is receivable from the Department of Environment and Sustainable Resource Development:

	2015	2014
Forest Fires	$ 131,584	$ 115,421

NOTE 8 BUDGET FIGURES

The revenue and expenses budget amounts disclosed in these financial statements agree with the 2014-15 Government Estimates.

NOTE 9 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the senior financial officer and the deputy minister.

ENVIRONMENTAL PROTECTION AND ENHANCEMENT FUND **Schedule 1**

SCHEDULE TO FINANCIAL STATEMENTS

EXPENSES – DIRECTLY INCURRED DETAILED BY OBJECT

Year ended March 31, 2015

	2015		2014
	Budget	Actual	Actual
	(in thousands)		
Salaries, Wages and Employee Benefits	$ 10,722	$ 25,386	$ 21,664
Supplies and Services	18,892	129,151	98,950
Grants	8,000	12,148	8,529
Financial Transactions and Other	-	4,539	-
	$ 37,614	$ 171,224	$ 129,143

ENVIRONMENTAL PROTECTION AND ENHANCEMENT FUND

Schedule 2

SCHEDULE TO FINANCIAL STATEMENTS

RELATED PARTY TRANSACTIONS

Year ended March 31, 2015

(in thousands)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Government of Alberta's financial statements. Related parties also include key management personnel in the Fund.

The Fund had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	2015	**2014**	**2015**	**2014**
Revenues				
Grants from the Department	$ 131,584	$ 115,421	$ -	$ -
	$ 131,584	$ 115,421	$ -	$ -
Expenses – Directly Incurred				
Other services	$ -	$ 1,546	$ 595	$ 588
	$ -	$ 1,546	$ 595	$ 588
Receivable from	$ 13,077	$ 1,068	$ -	$ -
Payable to	$ 3,578	$ 369	$ 127	$ 218

Land Stewardship Fund

Financial Statements

Year Ended March 31, 2015

AUDITOR
GENERAL
Alberta

Independent Auditor's Report

To the Minister of Environment and Parks

Report on the Financial Statements

I have audited the accompanying financial statements of the Land Stewardship Fund, which comprise the statement of financial position as at March 31, 2015, and the statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Land Stewardship Fund as at March 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

June 5, 2015

Edmonton, Alberta

LAND STEWARDSHIP FUND

STATEMENT OF OPERATIONS

Year Ended March 31, 2015

	2015 Budget	2015 Actual	2014 Actual
		(in thousands)	
Revenues			
Internal Government Transfers – Proceeds from Surplus Land Sales (Note 2 and 5)	$ 5,000	$ 4,251	$ 4,991
Investment Income	-	832	863
Other Revenue	-	232	28
	5,000	5,315	5,882
Expenses – Directly Incurred (Note 2(b) and Schedule 1)			
Land Purchases for Conservation Program	5,000	8,031	7,572
	5,000	8,031	7,572
Net Operating Results	$ -	$ (2,716)	$ (1,690)

The accompanying notes and schedules are part of these financial statements.

LAND STEWARDSHIP FUND
STATEMENT OF FINANCIAL POSITION
As at March 31, 2015

	2015	2014
	(in thousands)	
Assets		
Cash and Cash Equivalents (Note 3)	$ 70,525	$ 68,471
Accounts Receivable	26	-
	$ 70,551	$ 68,471
Liabilities		
Accounts Payable and Accrued Liabilities	$ 5,170	$ 374
	5,170	374
Net Assets		
Net Assets at Beginning of Year	68,097	69,787
Net Operating Results	(2,716)	(1,690)
Net Assets at End of Year (Note 4)	65,381	68,097
	$ 70,551	$ 68,471

The accompanying notes and schedules are part of these financial statements.

LAND STEWARDSHIP FUND

STATEMENT OF CASH FLOWS

Year ended March 31, 2015

	2015	2014
	(in thousands)	
Operating Transactions		
Net Operating Results	$ (2,716)	$ (1,690)
(Increase) Decrease in Accounts Receivable	(26)	435
Increase (Decrease) in Accounts Payable and Accrued Liabilities	4,796	(16,375)
Cash Provided by (Applied to) Operating Transactions	2,054	(17,630)
Increase (Decrease) in Cash and Cash Equivalents	2,054	(17,630)
Cash and Cash Equivalents at Beginning of Year	68,471	86,101
Cash and Cash Equivalents at End of Year	$ 70,525	$ 68,471

The accompanying notes and schedules are part of these financial statements.

LAND STEWARDSHIP FUND

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2015

NOTE 1 AUTHORITY

The Land Stewardship Fund (the Fund) operates under the authority of the *Public Lands Act*, section 11.2(1) and was established effective April 1, 2010. The Land Stewardship Fund has been set up to receive the proceeds from the sale of public land in Alberta. The funds can be used to purchase land for conservation and stewardship needs such as land for sensitive habitat, critical watersheds and conservation easements that better meet the ministry's mandate. Further, under the authority of the *Alberta Regulation 31/2011 Public Lands Act,* Land Stewardship Fund, the Fund may be used to provide grants made by the Minister under the *Environment Grant Regulation (AR 182/2000)* to persons for the purchase of an estate or interest in land for conservation purposes.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards.

(a) Reporting Entity

The reporting entity is the Fund, which is part of the Ministry of Environment and Sustainable Resource Development (the Ministry) for which the Minister of Environment and Sustainable Resource Development is accountable. Other entities reporting to the minister are the Department of Environment and Sustainable Resource Development (the Department), the Environmental Protection and Enhancement Fund, the Climate Change and Emissions Management Fund, the Natural Resources Conservation Board, and the Alberta Environmental Monitoring, Evaluation and Reporting Agency. The activities of these organizations are not included in these financial statements. The ministry annual report provides a more comprehensive accounting of the financial position and results of the ministry's operations for which the minister is accountable.

(b) Basis of Financial Reporting

Revenue

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as deferred revenue.

Government transfers

Transfers from the Government of Alberta, federal and other governments are referred to as government transfers.

Government transfers are recorded as deferred revenue if the terms of the transfer, or the stipulations together with the department's actions and communications as to the use of transfers create a liability.

All other government transfers, without terms for the use of the transfer, are recorded as revenue when the transfer is authorized and the department meets the eligibility criteria (if any).

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(b) Basis of Financial Reporting (cont'd)

Expenses

Directly Incurred

Directly incurred expenses are those costs the Fund has primary responsibility and accountability for, as reflected in the government's budget documents.

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include grants which are recognized as expenses when authorized, eligibility criteria, if any, are met and a reasonable estimate of the amount can be made.

Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the Fund are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals, as well as inventories held for resale.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Net Assets/Net Liabilities

Net Assets/Net Liabilities represent the difference between the carrying value of assets held by the Fund and its liabilities.

Canadian public sector accounting standards require a "net debt" presentation for the statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as "net debt" or "net financial assets" as an indicator of the future revenues required to pay for past transactions and events. The Fund operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these financial statements do not report a net debt indicator.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair value of Cash and Cash Equivalents, and Accounts Payable and Accrued Liabilities are estimated to approximate their carrying values because of the short term nature of these instruments.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(c) Change in Accounting Policy

PS 3260 Liability for Contaminated Sites
In June 2010 the Public Sector Accounting Board issued this accounting standard effective for fiscal years starting on or after April 1, 2014. Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic, or radioactive material, or live organism that exceeds an environmental standard. The Fund adopted this accounting standard retroactively as of April 1, 2014, but without restatement of prior period results. Upon adoption the Fund had no liabilities for contaminated sites.

(d) Future Accounting Changes

PS 3450 Financial Instruments
In June 2011 the Public Sector Accounting Board issued this accounting standard and subsequently extended the effective date to April 1, 2016 from April 1, 2015.

The Fund has not yet adopted this standard and has the option of adopting it in fiscal year 2016-17 or earlier. Adoption of this standard requires corresponding adoption of: PS 2601, Foreign Currency Translation; PS 1201, Financial Statement Presentation; and PS 3041, Portfolio Investments in the same fiscal period. These standards provide guidance on: recognition, measurement, and disclosure of information in financial statements; and how to account for and report portfolio investments. Management is currently assessing the impact of these standards on the financial statements.

PS 2200 Related Party Disclosures and PS 3420 Inter-Entity Transactions
In March 2015 the Public Sector Accounting Board issued PS 2200 – Related party disclosures and PS 3420 – Inter-entity transactions. These accounting standards are effective for fiscal years starting on or after April 1, 2017.

- PS 2200 – Related party disclosures defines a related party and identifies disclosures for related parties and related party transactions, including key management personnel and close family members.
- PS 3420 – Inter-entity transactions, establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

Management is currently assessing the impact of these new standards on the financial statements.

NOTE 3 CASH AND CASH EQUIVALENTS

The Consolidated Cash Investment Trust Fund is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high-quality short-term and mid-term fixed-income securities with a maximum term-to-maturity of three years. As at March 31, 2015, securities held by the Fund have a time-weighted return of 1.2% per annum (2014: 1.2% per annum).

NOTE 4 NET ASSETS

(in thousands)

The Net Assets for the Fund are capped at $150,000 in accordance with the *Land Stewardship Fund Regulation.*

NOTE 5 TRANSFER FROM THE DEPARTMENT OF ENVIRONMENT AND SUSTAINABLE RESOURCE DEVELOPMENT

Revenue received by the Department in payment for the sale of land inventory was transferred to the Land Stewardship Fund according to the *Land Stewardship Fund Regulation*.

NOTE 6 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the senior financial officer and the deputy minister.

Schedule 1

LAND STEWARDSHIP FUND
SCHEDULE TO FINANCIAL STATEMENTS
EXPENSES – DIRECTLY INCURRED DETAILED BY OBJECT
Year ended March 31, 2015

	2015		2014
	Budget	Actual	Actual
	(in thousands)		
Supplies and Services	$ -	$ 135	$ 277
Grants	5,000	7,896	7,295
Total Expenses	$ 5,000	$ 8,031	$ 7,572

LAND STEWARDSHIP FUND **Schedule 2**

SCHEDULE TO FINANCIAL STATEMENTS

RELATED PARTY TRANSACTIONS

Year ended March 31, 2015

(in thousands)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Government of Alberta's financial statements. Related parties also include key management personnel in the Fund.

The Fund had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	2015	**2014**	**2015**	**2014**
Revenues				
Internal Government Transfers – Proceeds from Surplus Land Sales (Note 2 & 5)	$ 4,251	$ 4,991	$ -	$ -
	$ 4,251	$ 4,991	$ -	$ -
Expenses – Directly Incurred				
Other services	$ 2,736	$ 129	$ -	$ -
Receivable from	$ 26	$ -	$ -	$ -
Payable to	$ 8	$ -	$ -	$ -

Natural Resources Conservation Board

Financial Statements

Year Ended March 31, 2015

AUDITOR
GENERAL
Alberta

Independent Auditor's Report

To the Members of the Natural Resources Conservation Board

Report on the Financial Statements

I have audited the accompanying financial statements of the Natural Resources Conservation Board, which comprise the statement of financial position as at March 31, 2015, and the statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained in my audit is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Natural Resources Conservation Board as at March 31, 2015, and the results of its operations, its remeasurement gains and losses, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

May 21, 2015

Edmonton, Alberta

NATURAL RESOURCES CONSERVATION BOARD
STATEMENT OF OPERATIONS
Year ended March 31

	2015		2014
	Budget	Actual	Actual
Revenues			
Government Transfer			
Transfer from the Department of Environment and Sustainable Resource Development	$6,620,000	$5,920,000	$6,044,000
Interest	38,000	52,469	51,873
Other Revenue	1,000	2,119	1,728
	6,659,000	5,974,588	6,097,601
Expenses – Directly Incurred (Note 2b and Schedules 1 and 2)			
Board Reviews and Hearings	1,383,785	1,205,446	1,221,088
Regulating Confined Feeding Operations	5,280,215	4,647,586	4,708,736
	6,664,000	5,853,032	5,929,824
Annual Operating Surplus (Deficit)	($5,000)	$121,556	$167,777

The accompanying notes and schedules are part of these financial statements.

NATURAL RESOURCES CONSERVATION BOARD
STATEMENT OF FINANCIAL POSITION
As at March 31

	2015	2014
Assets		
Cash and Cash Equivalents (Note 3)	$3,574,798	$3,476,596
Accounts Receivable and Prepaid Expenses	3,606	18,456
Tangible Capital Assets (Note 4)	25,019	45,792
	$3,603,423	$3,540,844
Liabilities		
Accounts Payable and Accrued Liabilities (Note 5)	$350,659	$409,636
Net Assets		
Accumulated Surplus, Beginning of Year	3,131,208	2,963,431
Annual Operating Surplus	121,556	167,777
Accumulated Surplus, End of Year	3,252,764	3,131,208
	$3,603,423	$3,540,844

The accompanying notes and schedules are part of these financial statements.

NATURAL RESOURCES CONSERVATION BOARD
STATEMENT OF CASH FLOWS
Year ended March 31

	2015	2014
Operating Transactions		
Annual Operating Surplus	$121,556	$167,777
Non-cash Item:		
Amortization of Tangible Capital Assets	20,773	39,218
	142,329	206,995
Decrease in Accounts Receivable and Prepaid Expenses	14,850	14,791
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(58,977)	30,051
Cash Provided by Operating Transactions	98,202	251,837
Capital Transactions		
Acquisition of Tangible Capital Assets	-	-
Cash Applied to Capital Transactions	-	-
Increase in Cash and Cash Equivalents	98,202	251,837
Cash and Cash Equivalents at Beginning of Year	3,476,596	3,224,759
Cash and Cash Equivalents at End of Year	$3,574,798	$3,476,596

The accompanying notes and schedules are part of these financial statements.

NATURAL RESOURCES CONSERVATION BOARD
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2015

NOTE 1 AUTHORITY AND PURPOSE

The Natural Resources Conservation Board (NRCB) operates under the authority of the *Natural Resources Conservation Board Act*, Chapter N-3, RSA 2000 (NRCBA). NRCB's mandate is to provide for an impartial process to review projects that will or may affect the natural resources of the Province of Alberta. Included in this mandate are reviewable projects described in the NRCBA as well as the regulatory responsibilities set out in Part 2 of the *Agricultural Operation Practices Act,* Chapter A-7, RSA 2000 (AOPA) for the approval, monitoring and compliance of livestock confined feeding operations.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards.

a) Revenue Recognition

All revenues are reported on the accrual basis of accounting.

Government Transfer

Transfers from the Government of Alberta are recorded as revenue when the transfer is authorized and the NRCB meets the eligibility criteria.

Investment Income

Investment income includes interest income and is recorded when earned.

b) Expenses

Expenses are reported on an accrual basis.

Directly Incurred

Directly Incurred expenses are those costs the NRCB has primary responsibility and accountability for, as reflected in the budget.

Incurred by Others

Services contributed by other entities in support of NRCB's operations are not recognized and are disclosed in Note 8 and in Schedule 2.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

c) Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the NRCB are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals.

Tangible capital assets are recorded at historical cost. The threshold for capitalizing new tangible capital assets is $5,000. These assets are amortized over their estimated useful lives commencing in the month following acquisition, using the following annual rates and methods:

Computer Hardware	Straight line – 3 years
Computer Software	Straight line – 2 to 3 years
Office Equipment	Declining balance – 20% per year
Office Furniture	Declining balance – 20% per year

d) Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

e) Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The NRCB's financial assets and liabilities are generally measured as follows:

Financial Statement Components	Measurement
Cash and Cash Equivalents	Amortized Cost
Accounts Receivable and Prepaid Expenses	Amortized Cost
Accounts Payable and Accrued Liabilities	Amortized Cost

The NRCB does not hold equities traded in an active market, nor engages in derivative contracts or foreign currency transactions. The NRCB is not exposed to remeasurement gains and losses and, consequently, a statement of remeasurement gains and losses is not presented.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

f) Measurement Uncertainty

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount. The precise determination of many assets and liabilities is dependent on future events. As a result, the preparation of financial statements involves the use of estimates and approximations which have been made using careful judgment. Actual results could differ from those estimates and approximations. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies.

g) Cash and Cash Equivalents

Cash comprises of cash on hand and demand deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. Cash equivalents are held for the purpose of meeting short-term commitments rather than for investment purposes.

h) Net Assets/Net Liabilities

Net assets/net liabilities represent the difference between the assets held by the NRCB and its liabilities.

Canadian Public Sector Accounting Standards require a "net debt" presentation for the statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as "net debt" or "net financial assets" as an indicator of the future revenues required to pay for past transactions and events. The NRCB operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these financial statements do not report a net debt indicator.

i) Pension Expense

The NRCB does not have sufficient plan information on the Government of Alberta multi-employer defined benefit pension plans to follow the standards for defined benefit accounting, and therefore follows the standards for defined contribution accounting. Accordingly, pension expense recorded for the Government of Alberta multi-employer defined benefit pension plans is limited to the employer's annual contributions to the plans for the year.

NATURAL RESOURCES CONSERVATION BOARD
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2015

NOTE 3 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents consist primarily of deposits in the Consolidated Cash Investment Trust Fund (the CCITF). The CCITF is managed with the objectives of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The CCITF is a pool comprised of short-term and mid-term fixed income securities with a maximum term to maturity of three years. As at March 31, 2015, securities held by the CCITF have a time weighted rate of return of 1.2% per annum (2014 - 1.2% per annum).

NOTE 4 TANGIBLE CAPITAL ASSETS

Tangible capital assets are recorded at historical cost less accumulated amortization.

	2015			2014
	Historical Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer Hardware	$188,237	$179,447	$8,790	$25,503
Computer Software	13,742	13,742	-	-
Office Equipment	45,406	40,841	4,565	5,706
Office Furniture	201,785	190,121	11,664	14,583
	$449,170	$424,151	$25,019	$45,792

NOTE 5 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2015	2014
Accounts Payable	$44,590	$50,663
Accrued Liabilities - Employee Benefits	306,069	358,973
	$350,659	$409,636

NOTE 6 BENEFIT PLANS

The NRCB participates in the Management Employees Pension Plan and Supplementary Retirement Plan for Public Service Managers which are government multi-employer pension plans. The expense for these pension plans is equivalent to the annual contribution of $87,402 for the year ended March 31, 2015 (2014 - $96,955). The NRCB is not responsible for future funding of the plan deficit other than through contribution increases.

At December 31, 2014, the Management Employees Pension Plan reported a surplus of $75,805,000 (2013 - surplus $50,457,000), and the Supplementary Retirement Plan for Public Service Managers reported a deficiency of $17,203,000 (2013 - deficiency $12,384,000).

In addition, the NRCB sponsors a defined contribution pension plan for employees who are not eligible to participate in the government sponsored pension plans. The expense for this pension plan is $245,261 for the year ended March 31, 2015 (2014 - $254,570). Pension expense comprises the cost of employer contributions during the year.

NOTE 7 SALARIES AND BENEFITS

	2015				2014
	Base Salary(a)	Other Cash Benefits(b)	Other Non-cash Benefits(c)	Total	Total
Chair(d)(e)	$170,240	$22,649	$30,426	$223,315	$212,198
Board Member 1(e)	132,858	765	40,516	174,139	171,987
Board Member 2(f)	99,647	5,727	34,503	139,877	139,426
Board Member 3(f)(g)	49,824	12,370	11,864	74,058	123,156
CEO	196,443	12,477	48,513	257,433	255,265

(a) Base salary includes pensionable base pay.
(b) Other cash benefits include health benefits pay in lieu and vacation payouts.
(c) Other non-cash benefits include the NRCB's share of all employee benefits and contributions or payments made on behalf of employees including Employment Insurance, Canada Pension Plan, pension and supplementary retirement plans, RRSP, Non-Registered Savings Plan, health benefits, professional memberships, and WCB premiums. The NRCB is a participant in the Alberta Energy Regulator (AER) flexible health benefit plan.
(d) Automobile allowance included in other cash benefits.
(e) The position is 80% permanent part-time.
(f) The position is 60% permanent part-time.
(g) The position took an unpaid leave of absence starting October 1, 2014.

NOTE 8 RELATED PARTY TRANSACTIONS

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's financial statements. Related parties also include key management personnel of the NRCB.

The NRCB and its employees paid certain taxes and fees set by regulation for premiums, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this note.

The NRCB received $5,920,000 (2014 - $6,044,000) in net transfers from the Department of Environment and Sustainable Resource Development and $52,469 (2014 - $51,873) in revenue from other Government of Alberta departments. During the year, the NRCB paid $32,111 (2014 - $59,799) to various Government of Alberta departments and agencies for supplies and/or services. The Statement of Financial Position also includes $4,946 (2014 - $6,082) as payable to various government entities.

In addition, certain expenses for office space and parking incurred on behalf of the NRCB by the Department of Infrastructure are not reflected in the Statement of Operations. These expenses amount to $471,610 (2014 - $458,602) and are reflected in Schedule 2.

The NRCB has a Memorandum of Understanding (MOU) with the AER and an MOU with the Alberta Utilities Commission (AUC) to share resources on an on-going basis. Under the MOUs, the NRCB is both a service provider and a service recipient. As a service provider, the NRCB contributed $7,798 (2014 - $23,877) in services to the AUC.

These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

NOTE 9 BUDGET

The budget was included in the 2014-15 Government Estimates. The budget was approved by the Board on May 6, 2014.

NOTE 10 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board.

NATURAL RESOURCES CONSERVATION BOARD
EXPENSES – DIRECTLY INCURRED DETAILED BY OBJECT
Year ended March 31, 2015

Schedule 1

	2015		2014
	Budget	Actual	Actual
Salaries, Wages and Employee Benefits	$5,402,650	$4,883,661	$5,012,488
Supplies and Services	1,231,350	948,598	878,118
Amortization of Tangible Capital Assets	30,000	20,773	39,218
	$6,664,000	$5,853,032	$5,929,824

NATURAL RESOURCES CONSERVATION BOARD
ALLOCATED COSTS
Year ended March 31, 2015

Schedule 2

	2015			2014
AOPA and NRCBA Mandates	**Expenses**	**Expenses incurred by others Office Costs** (1)	**Total Expenses**	**Total Expenses**
Board Reviews and Hearings(2)	$1,205,446	$97,129	$1,302,575	$1,315,525
Regulating Confined Feeding Operations(3)	4,647,586	374,481	5,022,067	5,072,901
	$5,853,032	$471,610	$6,324,642	$6,388,426

(1) See Note 8, Related Party Transactions.

(2) Board reviews and hearings comprise expenses related to AOPA appeals and NRCBA reviews.

(3) Regulating confined feeding operations comprise expenses related to (a) the approval, monitoring and compliance activities under AOPA and (b) science and technical activities in support of AOPA and NRCBA mandates. NRCBA applications include the following projects: Parsons Creek Aggregates Limestone Quarry, and past and potential projects.

Alberta Environmental Monitoring, Evaluation and Reporting Agency

Financial Statements

Year Ended March 31, 2015

AUDITOR
GENERAL
Alberta

Independent Auditor's Report

To the Board of Directors of the Alberta Environmental Monitoring, Evaluation and Reporting Agency

Report on the Financial Statements

I have audited the accompanying financial statements of the Alberta Environmental Monitoring, Evaluation and Reporting Agency, which comprise the statement of financial position as at March 31, 2015, and the statements of operations and cash flows for the period April 28, 2014 to March 31, 2015, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Alberta Environmental Monitoring, Evaluation and Reporting Agency as at March 31, 2015, and the results of its operations, its remeasurement gains and losses, and its cash flows for the period April 28, 2014 to March 31, 2015 in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

May 22, 2015

Edmonton, Alberta

ALBERTA ENVIRONMENTAL MONITORING, EVALUATION AND REPORTING AGENCY
STATEMENT OF OPERATIONS
April 28, 2014 to March 31, 2015
(in thousands)

	2015	
	Budget	Actual
Revenues		
Government Transfers		
Government of Alberta Grants	$ 55,103	$ 48,513
Investment Income	-	292
	55,103	48,805
Expenses (Note 2(b))		
Program (Schedule 1)		
Monitoring	-	95
Science	46,103	40,322
Strategy and External Relations	-	202
Chief Executive Office	5,000	1,862
Corporate Administration	4,000	3,445
	55,103	45,926
Operating Surplus for the Period	$ -	$ 2,879

The accompanying notes and schedules are part of these financial statements.

ALBERTA ENVIRONMENTAL MONITORING, EVALUATION AND REPORTING AGENCY
STATEMENT OF FINANCIAL POSITION
As at March 31
(in thousands)

		2015
Assets		
Cash and Cash Equivalents (Note 4)	$	24,101
Accounts Receivable (Note 5)		6,330
Prepaid Expenses (Note 5)		1
	$	30,432
Liabilities		
Accounts Payable and Accrued Liabilities (Note 6)	$	20,963
Deferred Revenue (Note 7)		6,590
		27,553
Net Assets		
Operating Surplus for the Period		2,879
	$	30,432

Contractual Obligations (Note 8)

The accompanying notes and schedules are part of these financial statements.

ALBERTA ENVIRONMENTAL MONITORING, EVALUATION AND REPORTING AGENCY
STATEMENT OF CASH FLOWS
April 28, 2014 to March 31, 2015
(in thousands)

	2015
Operating Transactions	
Annual Operating Surplus	$ 2,879
Increase in Accounts Receivable	(6,330)
Increase in Prepaid Expenses	(1)
Increase in Accounts Payable and Accrued Liabilities	20,963
Increase in Deferred Revenue	6,590
Cash Provided by Operating Transactions	24,101
Increase in Cash and Cash Equivalents	24,101
Cash and Cash Equivalents at Beginning of Period	-
Cash and Cash Equivalents at End of Period	$ 24,101

The accompanying notes and schedules are part of these financial statements.

Note 1 Authority and Purpose

Alberta Environmental Monitoring, Evaluation and Reporting Agency (the "Agency") was created on April 28, 2014 and operates under the authority of the *Protecting Alberta's Environment Act*, Chapter P-26.8, Statutes of Alberta, 2013.

The purpose of the Agency is to:

- obtain credible and relevant scientific data and other information regarding the condition of the environment in Alberta,
- ensure data and other information are available and reported to the public in an open and transparent manner, and,
- any other purpose prescribed by the Lieutenant Governor in Council.

Under the Act, the Agency was established as a provincial Crown corporation governed by a Board of Directors appointed by the Lieutenant-Governor in Council. The Agency is exempt from income taxes under the *Income Tax Act*. The Agency is not an agent of Crown and as such is subject to the Goods and Services Tax.

There are no comparative figures, as this was the Agency's first year of operations.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with Canadian public sector accounting standards (PSAS).

(a) Reporting Entity

- The reporting entity is Alberta Environmental Monitoring, Evaluation and Reporting Agency, which is part of the Ministry and for which the Minister of Alberta Environment and Sustainable Resource Development is accountable.

(b) Basis of Financial Reporting

Revenue Accounting Policy

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as deferred revenue.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

Revenue Accounting Policy (continued)

Government Transfers

Transfers from the Government of Alberta, federal and other governments and other government entities are referred to as government transfers.

Government transfers and the associated externally restricted investment income are recorded as deferred revenue if the terms for use of the transfer, or the terms along with the Agency's actions and communications as to the use of the transfer, create a liability. These transfers are recognized as revenue as the terms are met and, when applicable, the Agency complies with its communicated use of the transfer.

All other government transfers, without terms for use of the transfer, are recorded as revenue when the Agency is eligible to receive the funds.

Investment Income

Investment income includes dividend and interest income, and realized gains or losses on the sale of portfolio investments. Unrealized gains and losses on portfolio investments that are not from restricted transfers, donations or contributions are recognized in the Statement of Accumulated Remeasurement Gains and Losses until the related investments are sold. Once realized, these gains or losses are recognized in the Statement of Operations.

Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year are expensed. Foreign exchange gains and losses are reflected within the cost of all goods and services.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

Valuation of Financial Assets and Liabilities

The Agency's financial assets and liabilities are generally measured as follows:

Financial Statement Component	Measurement
Cash and cash equivalents	Amortized cost
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the Agency are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals. The Agency does not have any transactions involving financial instruments that are classified in the fair value category and has no material foreign currency transactions. Consequently, there are no remeasurement gains and losses and a statement of remeasurement gains and losses has not been presented.

Cash and Cash Equivalents

Cash comprises of cash on hand and demand deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. Cash equivalents are held for the purpose of meeting short-term commitments rather than for investment purposes.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

Net Assets/Net Liabilities

Net assets/net liabilities represent the difference between the assets held by the Agency and its liabilities.

Canadian public sector accounting standards require a "net debt" presentation for the statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as "net debt" or "net financial assets" as an indicator of the future revenues required to pay for past transactions and events. The Agency operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these financial statements do not report a net debt indicator.

Measurement Uncertainty

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount.

(c) Future Accounting Changes

In March 2015 the Public Sector Accounting Board issued PS2200 – Related party disclosures and PS 3420 – Inter-entity related party transactions. These accounting standards are effective for fiscal years starting on or after April 1, 2017.

- PS 2200 – related party disclosures defines a related party and identifies disclosures for related parties and related party transactions, including key management personnel and close family members.
- PS 3420 – Inter-entity transactions, establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

Management does not expect the implementation of these standards to have a significant impact on the financial statements.

Note 3 Budget

(in thousands)

A preliminary business plan was created and due to the uncertainty of the amount being transferred to the Agency in its first year of operations, there was no formal approval by the Board. The amount transferred from Environment and Sustainable Resource Development (the "Department") was anticipated to be $55,103 and expenses would not exceed this amount. The expenditures in the reported budget in the statement of operations reflect the allocated expenses planned for various programs.

Note 4 Cash and Cash Equivalents

(in thousands)

Cash consists of funds in operating accounts and deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high-quality short-term and mid-term fixed-income securities with a maximum term-to-maturity of three years. For the year ended March 31, 2015, securities held by the CCITF had a time-weighted return of 1.2% per annum.

Note 5 Accounts Receivable and Prepaid Expenses

(in thousands)

Accounts receivable are unsecured and non-interest bearing.

	2015		
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value
Accounts Receivable from Department	$ 4,639	$ -	$ 4,639
Accounts Receivable from Other Department	102		102
GST Receivable	1,589	-	1,589
Prepaid Expenses	1	-	1
	$ 6,331	$ -	$ 6,331

Note 6 Accounts Payable and Accrued Liabilities

(in thousands)

	2015
Accounts Payable General	$ 122
Accounts Payable to Department[a]	17,310
Accounts Payable to Other Department	10
Accrued Liabilities	3,521
	$ 20,963

(a) Represents the cost incurred by the Department on behalf of the Agency.

Note 7 Deferred Revenue

(in thousands)

	2015
Balance, beginning of period	$ -
Received/receivable during year	46,103
Less amount recognized as revenue	(39,513)
Balance, end of period	$ 6,590

The deferred revenue represents grants from the Department. These funds are collected by the Department from industry for monitoring activities as described in the Oil Sands Annual Monitoring Plan.

Note 8 Contractual Obligations

(in thousands)

Contractual obligations are obligations of the Agency to others that will become liabilities in the future when the terms of the contracts or agreements are met.

	2015
Obligations Under Contracts	
Service Contracts	$ 1,000

Estimated payment requirements for obligations under operating leases, contracts and programs for the next two are as follows:

Obligations Under Contracts	Total
2015 – 2016	$ 997
2016 – 2017	3
	$ 1,000

Note 9 Approval of Financial Statements

The financial statements were approved by the Board of Directors on May 22, 2015.

Schedule 1

ALBERTA ENVIRONMENTAL MONITORING, EVALUATION AND REPORTING AGENCY
EXPENSES – DETAILED BY OBJECT
APRIL 28, 2014 TO MARCH 31, 2015
(in thousands)

	2015	
	Budget	Actual
Salaries, Wages and Employee Benefits	$ 5,000	$ 4,218
Supplies and Services	50,103	41,708
	$ 55,103	$ 45,926

Schedule 2

ALBERTA ENVIRONMENTAL MONITORING, EVALUATION AND REPORTING AGENCY
SALARY AND BENEFIT DISCLOSURE
APRIL 28, 2014 TO MARCH 31, 2015

	2015			
	Base Salary[a]	Other Cash Benefits[b]	Other Non-cash Benefits[c]	Total
	(in thousands)			
Chairman of the Board	$ -	$ 61	$ -	$ 61
Board Members[d]	-	261	8	269
Chief Executive Officer [e][f]	249	23	32	304

(a) Base salary includes regular salary.

(b) Other cash benefits include honoraria and lump sum payments. There were no bonuses paid in 2015.

(c) Other non-cash benefits include Agency's share of all employee benefits and contributions or payments made on behalf of employees including pension, supplementary retirement plan, health care, dental coverage, group life insurance, short and long term disability plans and professional memberships.

(d) The Board Members were appointed on April 28, 2014. The board consists of seven independent members including the Chairman, whose honorarium is disclosed separately. The totals include the Agency's share of Canada Pension Plan contributions for Board Members as Other Non-cash Benefits.

(e) The Chief Executive Officer (CEO) position was occupied by two individuals. The first individual occupied the position from April 28 to September 16, 2014. The current CEO started effective October 1, 2014.

(f) The first individual for the CEO position had an automobile provided; no dollar amount is included in Other Non-cash Benefits.

The Executive and Vice-President positions were vacant in 2014-15.

Schedule 3

ALBERTA ENVIRONMENTAL MONITORING, EVALUATION AND REPORTING AGENCY
RELATED PARTY TRANSACTIONS
APRIL 28, 2014 TO MARCH 31, 2015
(in thousands)

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's financial statements. Related parties include key management in the Agency.

The Agency and its employees paid or collected certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Agency had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	2015	
	Entities in the Ministry	**Other Entities**
Revenues		
Grants	$ 48,513	$ -
Payable to		
Department of Environment and Sustainable Resource Development	$ 17,310	$ -
Department of Treasury Board and Finance	-	10
	$ 17,310	$ 10
Receivable from		
Department of Environment and Sustainable Resource Development	$ 4,639	$ -
Department of Municipal Affairs	-	102
	$ 4,639	$ 102
Deferred Revenue	$ 6,590	$ -

Other Information

Ministry of Environment and Sustainable Resource Development
Unaudited Statement of Remissions, Compromises and Writeoffs
Year Ended March 31, 2015

The following statement has been prepared pursuant to Section 23 of the *Financial Administration Act*. The statement includes all remissions, compromises and write-offs made or approved during the fiscal year.

Remissions under Section 21 of the *Financial Administration Act*		$ -
Compromises under Section 22 of the *Financial Administration Act*		-
Write-offs		
Departmental Accounts Receivable	13,244	
Department Accounts Payable Credits	-	
Total Write-offs		13,244
Total Remissions, Compromises and Write-offs		$ 13,244

Statutory Report

Public Interest Disclosure Act

Section 32 of the *Public Interest Disclosure Act* requires the ministry to report annually on the following parts of the Act:

(a) The number of disclosures received by the designated officer of the Public Interest Disclosure Office, the number of disclosures acted on and the number of disclosures not acted on by the designated officer;
(b) The number of investigations commenced by the designated officer as a result of disclosures;
(c) In the case of an investigation that results in a finding of wrongdoing, a description of the wrongdoing and any recommendations made or corrective measures taken in relation to the wrongdoing or the reasons why no corrective measure was taken.

In 2014-15 for the ministry, there were no disclosures of wrongdoing filed with the Public Interest Disclosure Office.